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CONFUCIANISM AND HUMAN RESOURCE MANAGEMENT IN EAST ASIA

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Introduction

Confucianism is a defining element of East Asian culture. Named after the Chinese scholar Confucius (551–479 BC), Confucianism represents a collection of philosophical ideas that has had a profound influence on politics, education, religion, and family life in greater China, as well as in neighboring countries such as Korea, Japan, Singapore, and Vietnam. During the period of modernization in the early twentieth century, Confucianism lost its traditional influence in the region and was criticized as a regressive mental framework that had delayed economic and political advances (Fetzer & Soper, 2014; Shin, 2011). However, Confucianism survived and has regained its influence in lockstep with the growth in its host nations’ economic and political power (Bell, 2010; Paramore, 2016). In recent years, Confucianism’s global visibility has grown rapidly as the Chinese government has sought to elevate it as a national brand of Chinese cultural heritage (Sun, 2013).

This chapter examines how the tradition of Confucianism in East Asia is reflected in contemporary human resource management (HRM) practices in the region. Although people in those countries no longer identify themselves explicitly as Confucians, this long-held tradition has undeniably had a strong influence on all sectors of East Asian society, including the business community. Consciously or subconsciously, many business leaders in the region have relied on Confucianism for ethical guidance and managerial ideas (Bhappu, 2000; Du, 2015; Fu & Tsui, 2003; Fu, Tsui, & Liu, 2010; Lee, 2012). As Confucianism is primarily concerned with appropriate human social behavior, it is no surprise that its influence on business practices is strongest in the domain of HR management.

With this in mind, in this chapter we outline East Asian HR practices in their relation to Confucian tradition. The first part summarizes the tradition of Confucianism, briefly discussing its historical development and its geographical expansion in East Asia. The second part discusses how Confucian tradition informs contemporary HR practices in the region. In assessing the influence of this historically dominant ideology in HR functions in the East Asian countries, we acknowledge the possible influence of other ideologies such as Western liberalism and Marxism, and the unique trajectory of political, cultural, and economic development in each country. In this regard, citing a Confucian influence on any of HR practices should be understood as a matter of degree rather than a clear-cut categorization. That acknowledged, we will review a
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selected set of HR practices, for which the rationale could be strongly connected to the influence of Confucianism traditions in East Asia.

Confucianism in East Asia: an overview

Although Confucianism originated in China, the term Confucianism has no direct equivalent in the Chinese language. In fact, the term was coined by sixteenth-century Jesuit missionaries, who recognized the centrality of Confucius in this intellectual tradition (Goldin, 2014; Yao, 2000). In East Asia, this tradition is commonly referred to as “Ru Jiao” (儒敎: Yu-kyo in Korean; Jukyo in Japanese; Nho Giáo in Vietnamese), which translates roughly as the doctrine or tradition of scholars (Yao, 2000). Although the primacy of Confucius is indisputable, the tradition was formulated, advanced, and constantly reinterpreted by many scholars and politicians over the centuries. Prominent contributors to early Confucianism include Mengzi (孟子), who believed in the inherent goodness of human beings, and Xunzi (荀子), who warned against inherent human vices.

In China, Confucianism emerged as a national doctrine around the second century BC, during the Han dynasty. Although Daoism and Buddhism also enjoyed wide popularity amongst the Chinese people, Confucianism largely maintained its prestige as national orthodoxy until the early twentieth century. However, it was found to be helpless in sustaining the Chinese empire against industrialized foreign powers, and proponents of the May Fourth Movement (1919) explicitly condemned Confucianism as a regressive mental framework that had failed China. With subsequent modernization and the rise of communism, Confucianism attracted heavy criticism in Mainland China. Up to the 1970s, the Communist Party attacked Confucianism as neglecting the value of physical labor and blinding people to economic realities (Goldman, 1975; Gregor & Chang, 1979). In school textbooks, the precepts of Confucius were described as negative examples of old ways. However, despite decades of persecution and repression, Confucianism has remained influential amongst today’s business and political leaders (Li & Liang, 2015). Since the late 1980s, Confucian tradition was publicly reassessed and once more came to be valued in Mainland China. More recently, the Communist government has made conscious efforts to revive Confucianism, promoting it as a remedy for the social problems of an increasingly capitalist China (Bell, 2010).

Once established in China, Confucianism began to spread to neighboring countries. Arriving in Korea in 108 BC, it began to influence national politics during the Three Kingdoms period (57 BC–AD 668) and continued to overtake competing ideologies such as Buddhism and Daoism (Shin, 2011). Confucianism’s popularity in Korea reached its peak during the Joseon Dynasty (1392–1910), whose founding elites envisioned an idealistic Confucian state. During the Joseon period, Koreans’ adherence to Confucianism was so fervent that people could be executed for not following the orthodox version of Confucianism (Shin, 2011). The version of Confucianism authorized by the Joseon Dynasty was Seong-li-hak or “neo-Confucianism” that placed a high value on cosmology and individual self-cultivation. While Confucianism is no longer the national orthodoxy, contemporary Koreans remain heavily exposed to its everyday influence in family interactions, formal education, and popular entertainment material. The Munmyo Confucian Shrine in Seoul (established in 1398) is still operating, with regular ritual worship of Confucius.

To Japan, Confucianism transferred via Korea as early as the third century AD. Although it never acquired the status of national orthodoxy, Confucianism did influence Japanese intellectual and cultural traditions, especially during the early modern period (Paramore, 2016). During the Tokugawa regime of the seventeenth and eighteenth centuries, Confucianism became a
popular subject of study amongst the Samurai class, but in the subsequent Meiji restoration period, it came to be despised as an obsolete Chinese tradition that contradicted advances in Western science. Nevertheless, Confucianism later emerged as a nationally endorsed ideology, justifying Japanese imperialism when Japan engaged in aggressive military advances into Korean and Chinese territories. Around that time, Confucianism was also portrayed as an indigenous Japanese tradition that would complement the limitations of Western capitalism. Shibusawa Eiichi, often referred to as the father of Japanese capitalism, argued publicly that Confucianism should form the basis of a sustainable capitalist social order. Today, Confucianism is not openly discussed in Japan, in part because of the stigma it bears as a facilitator of pre-1945 fascism (Parmeore, 2016). For all that, Confucianism’s long-standing influence on Japanese society and business culture is undeniable (Boardman & Kato, 2003).

In Vietnam, Confucianism was introduced during the period of Chinese domination that began in 118 BC (Shin, 2011). After the country became independent from China in AD 939, the Vietnamese ruling class promoted Confucian ideas as the basis of a harmonious and hierarchical social order. National support for Confucianism was expressed in the construction in 1070 of the Temple of Learning (Van Mieu), which still stands in Hanoi, and in the introduction of a civil service examination, which focused on Confucian literature. Confucianism maintained its primacy in Vietnamese political, social, and moral philosophy until the introduction of Western educational systems in the nineteenth century. Although the influence of Confucianism remains strong in everyday Vietnamese life (as in other Confucian countries), the evolution of Vietnamese Confucianism differs somewhat from China or Korea. For instance, the Vietnamese understand the Confucian idea of loyalty as a love of country rather than of the country’s ruler. This conception of loyalty empowered many Vietnamese to sacrifice themselves in wars against foreign invaders from France and the USA (Sheehan, 1988; Shin, 2011).

In Taiwan, Confucianism was introduced in the seventeenth century by immigrants from the mainland. Although it has never been proclaimed as a national ideology, it has enjoyed explicit support from Taiwan’s governing elites (Kim, S., 2014). Chiang Kai-shek, the founder of modern Taiwan, was a strong advocate of Confucian traditions. His ambitious New Life Movement (1934–1949) explicitly promoted Confucian values such as Li (propriety), Yi (righteousness), Lian (honest), and Chi (shamefulness). When Confucian temples in Mainland China were attacked by young cultural revolutionaries, Taiwan’s nationalist government ensured that young students were exposed to classic Confucian texts. Although government support has dwindled since political democratization in the 1990s, Confucianism remains influential in the daily lives of the Taiwanese (Lin & Ho, 2009).

As in Taiwan, Confucianism came to Singapore with the ethnic Chinese, who became the majority population. Although never officially endorsed as the national orthodoxy, Singapore’s government has made conscious efforts to promote Confucianism under the rubric of “Asian values” (Shin, 2011). These efforts were well received in Singapore, where many ethnic Chinese are eager to maintain their cultural heritage, and send their children to private schools with the curriculum of Confucian classics. The persisting and pervasive influence of Confucianism in Singapore is further exemplified in the filial piety law, which obliges Singaporeans to support their parents (Kim, S., 2014). The Singaporean government offers special favorable terms on housing to young couples who are willing to live with their parents.

Although Confucianism has been differently interpreted across different peoples and contexts, it is commonly understood to promote five core virtues: Ren (humaneness or benevolence), Yi (justice or righteousness), Li (propriety or ritual), Zhi (wisdom or knowledge), and Xin (integrity or faithfulness). Confucian literature also stresses harmonious social relationships through five fundamental principles of relational ethics: filial piety (between father and son),
loyalty (between ruler and subject), gendered roles (between husband and wife), seniority-based order (between old and young), and faithfulness (between friends). These virtues and ethics are considered characteristics of Junzi (usually translated as a noble man or gentleman). Confucianism encourages individuals to train themselves in these virtues to become Junzi—one who knows how to behave properly under all circumstances and is a role model for others. It also prescribes that communities and nation states should ensure that their leadership positions be occupied by individuals possessing such virtues.

Over thousands of years, East Asians were taught to cultivate Confucian virtues and moral codes, and they also expect their leaders to embody these virtues, including those in settings such as government offices and kinship communities. In respect of government officials, Confucian virtues were the prime criteria for selecting and promoting talents in these societies (especially in China and Korea) for more than 1,000 years. Although Confucianism is no longer the dominant national orthodoxy in East Asia, it continues to govern many aspects of everyday life in this region. It is not surprising, then, to find traces of Confucianism in the contemporary HRM practices of East Asian companies.

**Confucianism and HRM**

In discussing a selected set of HR practices in East Asia associated with Confucian traditions in the region, we must acknowledge that tracing the philosophical or cultural origins of a given HR practice is inherently challenging. Labeling an organizational practice as Confucian is especially difficult, as Confucianism is a diverse set of ideas formulated long before the emergence of the modern industrial organization. However, like other managerial functions, a firm’s HR practices are always significantly influenced by the surrounding socio-cultural environment (Jackson & Schuler, 1995; Kim & Wright, 2011). Therefore, it should be possible to identify signs of Confucian influence in the HR practices of East Asian companies. Indeed, scholars have noted many unique features of East Asian HRM that indicate the major formative influence of Confucian heritage (e.g., Bae & Lawler, 2000; Bae, Chen, & Rowley, 2011; Warner, 2010). Building on such literature, we aim to present an overview of Confucian influence on modern HRM in East Asia, and to encourage future researchers and practitioners to further explore how HR practices could be shaped by local cultural traditions.

**Recruitment and selection**

Under the influence of Confucianism, East Asian companies have developed some distinctive recruiting and selection practices. In this regard, three features are worthy of special attention: (1) hiring on the basis of personal relationships; (2) the extensive use of formal examinations; and (3) the emphasis on moral character as a selection criterion.

**Hiring on the basis of personal relationships.** One distinct feature of East Asian culture is its emphasis on harmonious social relations. This cultural tradition is expressed in various indigenous concepts such as Guanxi and Renqing in China, Yon-go and In-hwa in Korea, Wa in Japan, and Tinh Cam and Quan He in Vietnam. Reflecting this cultural emphasis on social relations, East Asian companies tend to place a high value on relationship-based recruiting. Studies found that personal relations indeed make substantial differences in recruitment of East Asian companies. For instance, Han and Han (2009) reported that network-based recruiting is quite prevalent in China, especially amongst large firms. Kim (2010) found that over 60 percent of job placements in South Korea relate to candidates’ social networks. This tendency can be ascribed to the Confucian emphasis on social harmony and interpersonal relationships (Horak, 2014).
East Asia is not the only region where the hiring process is subject to such influences. Western companies are also known to utilize network-based recruiting practices such as employee referrals (Galenianos, 2014; Pieper, 2015). However, the nature of social networks and the degree of reliance on such methods differs. In Western countries, “weak” rather than strong social networks are known to be effective as channels for sharing and exchanging job-related information (Granovetter, 1974). In East Asian countries, however, job market outcomes depend on strong or closed social networks, involving not only the exchange of information but also the reciprocation of favors. Therefore, whether a job seeker has parents, relatives, or friends with good social networks does make a difference in job market outcomes in China and South Korea (Kim, 2010; Horak, 2017; Liu, 2016).

The prevalence of hiring through kinship networks is a matter of concern for many East Asians, who feel that this kind of relationship-based recruiting may undermine the spirit of meritocracy and perpetuate social inequality (Liu, 2016). However, recruiting through personal ties does not always lead to negative workplace outcomes. From a company’s point of view, information about candidates may be more trustworthy when it is acquired in this way. Additionally, kinship networks may serve to motivate recruits by obliging them not to disappoint those who recommended them.

Selection based on formal examination. An interesting feature of recruitment and selection in many East Asian companies is their extensive reliance on formal examinations. In South Korea, many large corporations require graduate job applicants to sit a company entrance exam of several hours duration. For instance, Samsung requires candidates to complete the Samsung Aptitude Test, and Hyundai Motor Group has a similar requirement for all graduate applicants. Written examinations are especially prevalent in the South Korean public sector, and the results almost entirely determine selection outcomes (Lee, 2016). In China, written exams are also widely used in the public sector recruiting process and, increasingly, in the private sector. Company entrance exams in China usually comprise two parts: an essay (Lunwen) and an administrative aptitude test (xingzheng nengli ceshi). In addition, recruitment exams typically include tests of relevant professional knowledge.

Clearly, East Asia is not alone in using written tests for selection. In the USA, psychometric tests assessing personality and cognitive abilities are widely used for personnel selection, particularly in military organizations. However, the written selection tests in East Asian companies often extend beyond the candidate’s personality or cognitive abilities. In South Korean and Chinese companies, such tests often encompass knowledge domains beyond those of direct relevance to the specific job. For instance, Hyundai Motor Group’s 2016 selection test included a 700-word history essay, in which applicants were asked to demonstrate their knowledge and perspective of the European Renaissance (Lee, 2016).

The distinctive use of formal selection examinations in East Asia appears related to the tradition of imperial examinations. In China, a written examination for imperial government officials was introduced in around the sixth century, which is the first known use of such method for the selection of talents. Until 1905, the rigorous and highly competitive imperial examination (keju in Chinese) was a regular nationwide event in China for more than 1,000 years. In Korea, a similar imperial examination (Gwageo) was introduced in 788 and conducted periodically until 1894. In Vietnam, an imperial examination was implemented between 1075 and 1913. Japan also had an imperial examination, although its influence was limited. In this rigorous and highly competitive exam, participants were expected to demonstrate their mastery of Confucian literature and, more importantly, their maturity in Confucian virtues (Elman, 2013; Liu, 2007). The influence of this emphasis on classic literature and moral virtues remains visible in today’s company entrance examinations in South Korea and China.
Historically, the imperial examination was an institutional device to realize the ideal of Confucian meritocracy (Xiao & Li, 2013). Where properly implemented, the imperial examination allowed gifted young men to enhance their economic and social status by virtue of hard work, regardless of their family background. In China and South Korea, where kinship relations are known to influence selection, it is a matter of serious practical concern to ensure a sense of fairness and legitimacy in the selection process (Wang, 2011), and a properly implemented written examination serves to ensure this perceived fairness (Zhang, Xu, & Zhang, 2015). Some companies make explicit reference to the utility of written examinations—for instance, KPMG China places a huge weight on written tests in its recruiting decisions, claiming that such tests “ensure that all candidates are treated EQUALLY” (KPMG, 2015, emphasis in the original text).

**Selection on the basis of Confucian moral character.** According to Confucian tradition, the efficacy of human beings is determined by the degree to which individuals embody Confucian moral virtues. According to the Confucian canon *Da Xue* (Great Learning), virtue is the root and wealth is the result, suggesting that moral virtue is a driver or predictor of economic performance. Following this line of reasoning, organizations in East Asia have come to consider moral character as an important recruitment criterion.

In Chinese culture, Confucian moral standards are an essential component in the evaluation of people at any level, making it natural to include these amongst hiring criteria, especially in large companies. Hempel and Chang (2002) found that Taiwanese companies prioritize job applicants who appear to have moral character and social skills to work harmoniously with colleagues. Moral character is a particularly important component of the paternalistic style of leadership commonly found in greater China. Paternalistic leaders with a low moral character score tend to have difficulty in gaining credibility and respect from their followers (Cheng et al., 2014).

In South Korea, it is customary for companies to select individuals based on *In-seong* (meaning an individual’s moral quality)—a concept closely associated with Confucian moral virtues such as filial piety, loyalty, trustworthiness, and propriety. To measure candidates’ *In-seong*, South Korean companies require them to answer various questions about their personal and social lives, which Western counterparts might find illegitimate or a breach of privacy. In Singapore, too, an applicant’s moral character is deemed critical in recruitment and selection. According to Khim (2002), Singaporean managers prioritize the virtuous characteristics of honesty and integrity in selecting job applicants.

**Managerial succession**

In Confucian societies, family-controlled businesses are the norm rather than the exception (Sharma & Chua, 2013). Although family businesses also play a critical role in Western societies, their pervasiveness and persistence are much stronger in Confucian East Asian economies. Therefore, in greater China, family capitalism constitutes an integral part of the economy. In Taiwan, the economy has been dominated by small- and medium-sized enterprises that are usually controlled by members of the founding family. In Hong Kong, entrepreneurs commonly aspire to bequeath their business to their children (Au, Chiang, Birtch, & Ding, 2013). In Mainland China, where no private businesses were allowed for several decades, private companies are now playing significant roles in the national economy, accounting for almost all employment growth and most of increase in manufacturing output (Lardy, 2014). This rapid growth in private entrepreneurship is primarily driven by family businesses, which account for more than 80 percent of all private enterprises (Liang, Wang, & Cui, 2014). Chinese family capitalism is also strong in countries such as Malaysia, Indonesia, Thailand, and Philippines, where the Chinese are ethnic minorities (Bruton, Ahlstrom, & Wan, 2003; Tsui-Auch, 2004).
In Korea, almost all major private enterprises can be categorized as family firms. For instance, Samsung is owned and managed by descendants of its founder Lee Byong-chul, who was born into a family of Confucian scholars. In like fashion, LG is owned and controlled by the Gu family and Hyundai by the Jung family. The Japanese economy is also known for its strong tradition of family inheritance. In addition to large global firms such as Toyota, many small- and medium-sized Japanese enterprises are run by members of founding families. In Vietnam, more than one-third of the top 500 enterprises follow the family business model (Viet, 2015).

A core HR concern for family businesses is managerial succession (Lee, Lim, & Lim, 2003; Sharma & Chua, 2013). Traditionally, East Asian family firms have been very keen to ensure that immediate family members inherit managerial positions. Yan and Sorenson (2006) suggested that this commitment to family succession in East Asia reflects the high value that Confucian tradition places on family. Inheritance of managerial positions is primarily from father to sons, although extended family members may also be involved. In Korea, family firms prepare descendants of the founder for future corporate leadership by exposing them to various functional areas of management and giving them responsibility for small-scale business initiatives (Park & Lee, 2011). In Japan, when the owner family cannot find appropriate managerial talent within their own family, adult adoption has been used to preserve the tradition of family business (Mehrotra, Morck, Shim, & Wiwattanakantang, 2013).

This family oriented managerial succession has, however, become a matter of debate and critical concern. As East Asian countries integrate into the global economy, family business succession is increasingly viewed as a sign of nepotism and a potential source of economic inefficiency. In response, a growing number of East Asian family firms have enlisted non-family members as professional managers. However, hiring non-family members in this way does not necessarily eliminate the influence of the founding family. Through majority ownership or board membership, the founding family often maintains its controlling power long after physical withdrawal.

Scholars have debated on questions of whether and how non-family professional managers may benefit East Asian family firms. Some argue that, in today’s global market, the performance of family businesses can be improved by reducing the founding family’s influence. For instance, studies found that family-owned companies can improve performance by handing over the managerial control to qualified non-family professional managers in Taiwan (Chung & Luo, 2013) and Japan (Chang & Shim, 2015). In contrast, others highlight the benefits of intergenerational succession, reporting that family businesses can perform better under inherited leadership in China (Cai, Luo, & Wan, 2012; Liang, Yang, Lin, & Zheng, 2013). Others argue that, rather than whether a family member inherits a managerial position, what matters is how that family successor is selected (Dou & Li, 2013; Yoo, Schenkel, & Kim, 2014).

Compensation

The English words compensation and remuneration imply that employees are to be compensated or paid back for service to their employer. In industrialized East Asia, compensation also refers to something given to an employee in recognition of that service. However, under the Confucian tradition, compensation extends beyond paying individuals for their services, as a quintessential mechanism for building social relationships amongst members of the organization.

Reward based on group performance and seniority. The traditional emphasis in East Asian companies on a collectivist workplace culture is well documented in the literature. Gomez-Mejia and Welbourne (1991) suggested that countries such as Singapore, South Korea, Japan, and Taiwan are characterized by a low level of individualism, and that this cultural
tendency is reflected in compensation systems that strongly emphasize group performance criteria. Although some East Asians (e.g., those in Singapore and Hong Kong) are known to be more individualistic than others (e.g., those in Japan), the overall preference for group-based reward in East Asia is apparently stronger than that in Western countries (White & Goodman, 1998). In Mainland China and Vietnam, where the Communist Party has been in power, group-based pay arrangements are often seen as a legacy of the planned economy, and therefore its affinity to collectivist cultural values is less apparent. However, even in these transitional economies, there is evidence that employees—especially those with traditional cultural values—tend to react negatively to high pay dispersion, suggesting an influence in the workplace of the long-standing Confucian cultural emphasis on community and social harmony (He, Long, & Kuvaas, 2016).

Another compensation practice informed by Confucian virtues is the seniority-based wage increase (Nenke in Japanese; Nyung-gong in Korean) prevalent in Japan, South Korea, and to a lesser extent in Taiwan. Although it is possible to explain the emergence of seniority-based pay in terms of other factors (Conrad, 2014), the Confucian tradition of respecting elders is seen to be a major driver of this approach in East Asia (Khanna, Song, & Lee, 2011; Zhu, Chen, & Warner, 2000). Under the seniority system, individuals receive an automatic yearly increase in pay for longer service. In Japan and South Korea, seniority-based pay is often combined with tenure-based promotion, where pay is determined largely by organizational status, with mandatory age-related retirement. From a company perspective, seniority-based pay is a way of rewarding an individual’s loyalty and promoting social harmony within the firm.

However, the traditional dominance in the region of group and seniority-based pay arrangements is increasingly being challenged by the rapid spread of individual performance-based pay. In Mainland China and Vietnam, economic reform toward marketization enabled firms to introduce individualized pay arrangements. The Asian economic crisis in 1997 was a strong shock to many East Asian countries, such as South Korea, and consequently companies in those countries have aggressively embraced the idea of an individualized pay system. In Japan, the economic slowdown in the 1990s prompted companies to adopt this individualized system. Nevertheless, the culture of rewarding seniority and loyalty to the group has not yet disappeared in East Asia. Even in companies that have explicitly adopted individualized pay systems, workers often find ways of maintaining group-based HR practices informed by traditional cultural values. For instance, in South Korea, employees and middle managers often get around the individual performance pay system by manipulating performance ratings to reflect seniority- and group-based norms, or by informally redistributing the performance-based portion of pay amongst group members. In Japan, individual performance-based pay is often applied only to those in managerial positions (Conrad, 2010).

Seasonal bonuses and livelihood support. An interesting feature of pay practice in many East Asian companies is the emphasis on employee seasonal bonuses. In Japan, South Korea, and China, companies regularly pay a substantial seasonal bonus—usually more than one month’s salary. Unless a company is in serious financial difficulty, employees can expect to receive seasonal bonuses, just as they receive a salary at the end of each month. Apparently, East Asia is not the only region where companies pay seasonal bonuses. In Western societies, some companies also offer bonuses in a seasonal way to recognize employee’s exceptional contributions. However, such bonus schemes differ from seasonal bonuses of East Asian companies in which the amount of bonus is not closely linked to individual workers’ performance. Seasonal bonuses in East Asian countries are also different from legally mandated year-end holiday allowance practice (or “thirteenth month salary”) in several countries such as Netherland, Argentina, and Brazil. Unlike in these countries, seasonal bonuses in East Asia are largely enforced by informal cultural norms rather than formal regulations.
In Japan, companies customarily award two seasonal bonuses, for summer and winter holidays. Each bonus commonly represents about three to four months of salary, so accounting for a substantial proportion of total annual payment. Because the seasonal bonus is so large and so common, Japanese domestic consumption patterns are visibly linked to the cycle of seasonal bonuses. Amounts are normally determined by a company’s overall performance and are not generally linked to individual performance. South Korean companies follow the example of Japanese companies with seasonal bonuses called Sang-yeo-gum, commonly amounting to a multiple of monthly base pay. Originally, Sang-yeo-gum was intended express an employer’s gratitude for employees’ collective contribution to the success of the firm. However, the practice has become so common in Korea that it is now considered a normal part of predetermined pay. Many companies award this bonus around major traditional family holidays such as Choo-suck (Korean Thanksgiving Day) or Seollal (the first day of the Korean lunar calendar).

In China, it is customary for companies to award a cash bonus around the Chinese New Year holiday as a form of year-end bonus. Although not a legal requirement, more than 80 percent of Chinese companies pay a substantial year-end bonus, normally equivalent to one month’s salary.

Seasonal bonuses in East Asian companies can be attributed to Confucian tradition. Its association with firm (rather than individual) performance encourages employees to develop loyalty to the company. In addition, the connection to traditional seasonal holidays (usually related to ritual gatherings of the extended family) means that companies play the role of financial supporter of family events. In other words, the seasonal bonus is a mechanism that fosters a sense of “family” in the workplace.

Livelihood support is another important and prevalent East Asian pay practice. In Japan, a family allowance (kazokukyu) is a normal part of employee pay. The family allowance is given to employees as head of their household, varying in amount according to the number of dependents. Although it has decreased in popularity over the last decade, the family allowance traditionally represents about 5 percent of total annual compensation given to Japanese employees (Conrad, 2010). In South Korea, a similar family allowance (Ga-jok-su-dang) has become a tradition. Again, its importance has diminished significantly in recent years, but most public sector employees in South Korea still receive this allowance in various forms.

**Training and development**

The essential component of Confucianism is a heavy emphasis on continuous learning and education. While other philosophical traditions (such as Socratic philosophy) also place a high value on education, Confucian ideas of learning are distinctive in several respects. First, under Confucian tradition, education is considered to be an almost sacred duty. This cultural belief is enacted by parents who happily make personal sacrifices in the interests of their children’s education (Lam, Ho, & Wong, 2002). This aspect of Confucian tradition has led to the development in East Asian countries of a distinctive Confucian model of education, characterized by the nation state’s strong governance of the educational system, family prioritization of children’s education, highly competitive national examinations, and the accelerated development of tertiary education (Marginson, 2011). Confucian tradition also emphasizes learning that values the faithful acquisition of established knowledge rather than critical questioning of existing authorities. For that reason, learning is often equated with laborious reading, reflection, and memorizing of the words of respected teachers.

This Confucian emphasis on education has had many benefits for East Asian companies, including a public education system that provides companies with an ample supply of highly
educated labor. And because highly educated people are quick learners, companies find it relatively easy to train their employees (Bae & Lawler, 2000), affording East Asian companies a high level of absorptive capacity (Tung, 1994). This may explain these companies’ superior performance in catching up with their Western counterparts. However, there are mixed views about the Confucian tradition of learning; for example, Sloman (2007) criticized Confucian tradition for its tendency to produce passive learners rather than active innovators.

The Confucian tradition of learning has inspired East Asian companies to develop some distinctive training and development practices. One interesting example is the Korean practice of Reading Management (Dok-suh-kyoung-young), which requires employees to read recommended books and to submit book reports. The required books cover a range of topics that include self-help skills, business knowledge, social science, and classical literature. For instance, a South Korean conglomerate named E-Land asks employees to master books in the company’s mandatory reading list, which currently includes more than 400 books. As the list is constantly updated, E-Land employees are always under pressure to read new books. This practice aligns with the company’s declared goal of making the company a “school,” where learning and personal growth are primary daily activities in the workplace.

In addition to the method of training, Confucianism substantially determines the content of corporate training. In South Korea, most large companies include Ye-jeol (禮節, manner or propriety) as required training for newcomers. Confucian virtues also influence corporate training programs in China. For instance, a Chinese technology company named Good-Ark requires all employees to bow toward Confucius’ statue, and participate in weekly learning sessions on Confucian classics. Wu Nianbo, the founder and Chairman of the company, believes that by educating employees in Confucian values (such as filial piety and self-cultivation), they will become better and happier human beings, who will naturally be productive employees (Qu, Fu, & Huang, 2016).

Retention

The Confucian emphasis on quasi-family relationship is reflected in relatively high job security and long-term or even lifelong employment. Japan is widely known for its traditional lifelong approach to employment, and large Korean firms have also developed this tradition. In Mainland China, the employment system used to be described as the “iron-rice bowl” because of its unbreakable stability. However, the long-term employment relationship has diminished in recent times, and labor mobility is increasing rapidly across East Asian countries. Therefore, employee retention is increasingly a critical concern for East Asian companies.

While many of the retention strategies known to be effective in Western contexts—meritocratic compensation arrangement, extensive training and development, and positive organizational climate—have also proved effective in East Asia, a number of other scholars have found that several practices have been found particularly useful in the East Asian context, one of which is relationship-based retention.

East Asian employees are believed to make important career changes in close consultation with family members and significant others. Hom and Xiao (2011) found that employees’ social networks beyond work colleagues play an important role in Chinese employees’ intention to stay. For that reason, practitioner-oriented literature often recommends managers in China pay attention to employees’ relationships to their family and friends (Howard, Williams, Wellins, & Liu, 2014). In Korea, many companies offer strong family support to their employees. For instance, it is customary for Korean firms to offer university tuition support for employees’ children. This is an effective retention mechanism, as employees are likely to remain at least until
their children finish tertiary education. Some Korean companies offer a “filial piety allowance” (Hyo-do-su-dang), sending cash to employees’ parents on a regular basis. This filial piety program creates family pressure for employees to remain longer in their current employment. A similar allowance is also becoming increasingly popular in Mainland China.

Organizational prestige also plays an important role in employee turnover intention in East Asia. Although there is as yet no systematic evidence concerning the stronger influence of a firm’s reputation in East Asia than other parts of the world, people in Confucian-influenced regions seem to care more about their family and friends’ perceptions of their firm. In this regard, Reiche (2009) found that turnover intention amongst Singaporean employees is influenced by their current firm’s reputation. For instance, Ng (2016) found that Chinese workers’ turnover intention is significantly influenced by their firm’s external prestige, suggesting that enhanced employer branding may be important for employee retention in East Asia.

Gender discrimination

Confucianism has often been criticized for its endorsement of a patriarchal social order and male dominance. In his only known reference to females, Confucius seemed to equate women with “xiaoren” (petty men—the opposite of “junzi” or noble men): “Only women and petty men are difficult to handle. Be close to them and they are not humble, keep them at arm’s length and they complain” (Lunyu, Chapter 17, Yanghwa; 论语 阳货篇). One might argue that gender inequality has been an enduring social concern in other cultural traditions such as Christianity and Islam (Seguino, 2011). However, at least in East Asia, Confucianism seems to be an important contributory factor in sustaining male dominance (Cooke, 2010). For instance, until the early twentieth century, East Asian women were openly discriminated against in education and employment. They were not allowed to take imperial examinations or to participate in formal education. Although gender equality has made significant advances in the region over recent decades, that tradition of male dominance still lingers in the region.

Gender discrimination can still be seen in many aspects of HR practice in East Asian firms. For example, recruitment and selection processes often discriminate against female candidates. Woodhams, Lupton, and Xian (2009) found that 40 percent of job advertisements were overtly discriminatory in specifying the required gender of applicants. Similarly, Leong, Tan, and Loh (2004) found that 41 percent of job advertisements in Singapore contained discriminatory remarks. In her study of the Taiwanese labor market, Bowen (2003) found that about 40 percent of job advertisements in a major newspaper included explicit instances of gender discrimination. The situation is much worse in Mainland China, with explicit gender discrimination in almost every job advertisement.

Female employees also find it difficult to have their performance properly recognized, often seeing themselves as disadvantaged in terms of payment and promotion opportunities as compared to their male counterparts. Kang and Rowley (2005) observed that Confucian-influenced Asian men found it difficult to see female workers as equal or competent colleagues. Korabik concluded that such stereotypes “hinder women’s preparation for managerial roles as well as their opportunities for promotion” (Korabik 1993: 53). As a consequence, females are significantly under-represented in executive positions and high-paying jobs.

Furthermore, female workers are often forced to retire earlier than their male counterparts. In Mainland China, women are legally mandated to retire almost ten years earlier than men (i.e., blue collar female workers retire at fifty while men retire at sixty; white-collar females retire at fifty-five, while men retire at sixty-five). Even in the absence of any mandatory arrangement, East Asian women are often encouraged to resign voluntarily when they get married or have
babies. In the Confucian tradition, women were usually expected to stay at home, taking care of the children and the household chores while men were the breadwinners. Although women have joined the workforce in increasing numbers, they are still expected to prioritize household tasks and childcare rather than their career. For instance, Korean married women are obliged to look after their children as well as their aging parents and parents-in-law, regardless of how busy they are in their own job (Sung, 2003). Such social arrangements unfairly disadvantage married women in developing their professional career (Kim, 2015). As a result, female employment rates in Confucian Asian countries begin to decline beyond the age of thirty (Chow, 2013).

**Company ceremonies**

Ceremonies or rituals are recognized as an important component of company culture (Schein, 1990). Company rituals could serve as a mechanism for maintaining existing social arrangements within a firm (Dacin, Munir, & Tracey, 2010), controlling employees (Golding, 1991), and moderating social conflict and improving social relations (Anand & Watson, 2004). Confucianism has strong views on rituals and propriety. According to Confucius, ritual is not just a “ritual” activity but a crucial means by which individuals build moral character and societies affirm a social order in its most desirable form. On that basis, rituals have remained an important aspect of life in Confucian-influenced East Asia.

Influenced by this view, East Asian companies observe various social rites and ceremonies, conducted in a pseudo-religious atmosphere. The highest-level leaders (CEO or top executives) host many of these ceremonies in the manner of a head of family. In Mainland China, Confucian-style ceremonies were forbidden during the Cultural Revolution but are now regaining its traditional popularity.

**Ceremonials for newcomers and retirees.** Along with its emphasis on the notion of family, Confucianism’s tendency to distinguish between in-group and out-group members reinforces the idea of membership in East Asian societies. Any significant changes to the boundaries of membership tend to be perceived as important events, and numerous ceremonials are devoted to these changes for such actors as newcomers and retirees.

The welcome ceremony serves as a marker that indicates the beginning of pseudo-family corporate membership. In many East Asian companies, this is more than an introductory social event. For example, in South Korea and Japan, the welcome ceremony normally includes a highly scripted ritual, in which new recruits dressed in uniform stand in militaristic formation to offer their solemn pledge as faithful corporate “soldiers.”

In many East Asian companies, retirement is another important event that is to be solemnly celebrated. The retirement ceremony is somewhat like the commencement ceremony. Here, retiring employees are awarded new membership status as a former employee. Careful observance of the retirement ceremony is also intended as a signal to incumbent employees that their dedication and commitment to the organization will be appreciated.

In some companies (especially those that are family owned), deceased founders and former employees are regularly commemorated as company “ancestors.” Such ceremonies are often conducted at the company founder’s burial site, following a public ritual that resembles Confucian ceremonies of ancestor worship. In South Korea, for example, Samsung observes annual memorial ceremonies in November at Yong-In, where the founder Lee Byung-chul is buried. AmorePacific, a leading South Korean cosmetic company, organizes annual events each January to celebrate its founder, Seo Seong-hwan. The company arranges group tours of executives and senior managers to his burial site to participate in commemoration ceremonies. On the founder’s commemoration day, all employees of the company receive messages that encourage them
to reflect on the founding father and his entrepreneurial spirit. In Hong Kong, for more than forty years, a food company Lee Kum Kee (established in 1888) has organized a Founder’s Day ritual each year in April. In this event, thousands employees and business partners around the world gather at the burial ground of the company founder to commemorate their company ancestors.

**Ritualistic group meals.** Group meals with work colleagues offer an interesting opportunity to observe East Asian ritualism. In China, South Korea, and Japan, companies (or unit leaders) regularly organize group dinners, sometimes incorporating Karaoke parties. In Singapore, managers of small- and medium-sized firms are expected to dine regularly with their subordinates (Low, 2012). Although these activities have the appearance of a voluntary social gathering, they are seen as an extension of the working day, and employees are essentially required to join them. At these gatherings, participants must closely follow a set of ritual rules, even when engaged in entertainment activities (Bell, 2010). For instance, each participant is expected to occupy a seat appropriate to their social position in the workplace. In this sense, such company dinners are rituals, in which employees’ organizational status is acknowledged and reinforced.

**Labor relations**

In East Asia, the Confucian emphasis on hierarchy and social harmony has frequently been mobilized to advance the agenda of industrial peace and to pacify aggressive labor unions. In the process of industrialization, governments in East Asia have sought to tame and control trade unions. In this endeavor, Confucian tradition has proved a useful ideological resource for authoritarian leaders.

In Taiwan, prior to the lifting of martial law in 1987, the Kuomintang government brought labor unions under their strict control (Ho, 2012). During that period, trade unions were not allowed to organize strikes but were instead expected to build a harmonious and family-like workplace. Although democratization and the change of regime to Democratic Progressive Party in the late 1980s loosened national government’s control of industrial relations, Taiwanese trade unions are still not free of the culture of state control. Scholars pointed out that Confucian cultural heritage enabled the Taiwanese government to install and sustain such a hierarchical and conflict-avoiding style of industrial relations (Chen, 2007).

In Mainland China, where the Communist Party has a monopoly of power, there is very strong state control of trade unions. Although China’s centralized system of industrial relations has its roots in the Socialist state-planned economy, it is arguably also influenced by Confucianism. When the Chinese government launched a strong unionization campaign in the mid-2000s, the political slogan was “harmonious society”—a clear indication that the Chinese leadership saw Confucianism as an effective ideology in combination with Marxism. The mobilization of Confucianism to regulate workplace relationship can be seen as an attempt to use a socially accepted value to suppress and de-legitimize capital–labor conflicts.

In South Korea, rapid industrialization was orchestrated by the authoritarian leaders Park Chung-hee (1961–1979) and Chun Doo-hwan (1980–1988). During that period, the independent labor movement was systematically oppressed. In cases of large-scale labor disputes, the government often played the role of authoritative mediator between management and workers. The aim of the authoritative governments was to maintain a peace and “harmony” between management and labor (Nam, 1995). Although democratization in 1987 rendered South Korean labor relations highly antagonistic, the rhetoric of “harmonious labor relations” remains influential in conservative-minded public discourse.
During the early period of industrialization in Japan, Confucianists contributed to the development of a tradition of peaceful labor–management relations. Historians have suggested that the establishment of Kyochokai (the Conciliation Association) in 1919 was a significant element in building harmonious labor relations (Paramore, 2016). Shibusawa Eiichi, the founder of this pseudo-government agency, was an overt advocate of Confucianism in his time. He argued that industrial conflicts would be unnecessary if labor and management followed the ideal of Confucian virtues in their dealings with each other (Paramore, 2016).

In addition to national industrial relations systems, Confucian influence can also be observed in corporate-level employment relations. Chew and Lim (1995) found that Confucian tradition contributed to Chinese managers’ preference for non-confrontational conflict resolution strategies. In South Korea, Choi (2004) suggested that a company is likely to experience friendlier labor–management relations when there is a stronger Confucian organizational culture. In Taiwan, Chen (2007) indicated that Confucian tradition enabled Taiwanese companies to build paternalistic employment relations.

International assignments

The recent global expansion of East Asian companies has led to a rapid increase in the number of expatriates originating from Confucian cultures. Accordingly, there is growing scholarly interest in the behavioral patterns of international assignees from this cultural background. Studies found that Confucian values significantly influence East Asians’ decisions to take on expatriate assignments. For instance, Kim and Slocum (2008) reported that many Korean expatriates accept challenging international assignments to express their loyalty to the company. They also suggest that the same motivation prevents Korean expatriates from returning prematurely. Cho, Hutchings, and Marchant (2013) also suggested that Korean expatriates make major decisions about expatriation and repatriation on the basis of Confucian values. They found that Koreans expatriates feel obliged to make such decisions in accordance with the will of their superior (out of loyalty) or for the sake of their children’s education (family value). A similar phenomenon was observed amongst Chinese expatriates; Yao, Arrowsmith, and Thorn (2015) found that Chinese expatriates’ acceptance of international assignments was motivated by their Confucian values of respect for authority and social harmony.

Confucian values also seem to influence expatriates’ adjustment experiences during international assignments. Kim and Tung (2013) suggested that because of their home-grown Confucian values, Korean expatriates encounter unique challenges during international assignments. For instance, Korean expatriates whose organizational status is abruptly elevated by an international assignment find their job less satisfying because of the disruption of their hierarchical relations within the firm. In a recent study, Yu (2016) found that Chinese expatriates working in the USA tend to bring their Confucian values with them, and that their value system is vulnerable to cultural misunderstanding amongst host country nationals.

Confucianism as a managerial strategy: the case of FOTILE

In some East Asian companies, Confucianism is referred to as their overarching business strategy that drives all aspects of managerial operations. Although Confucianism itself is rarely recognized as a concept of business strategy, scholars have argued for its potential as a guiding principle that enables business operations to be successful in a virtuous way (e.g., Chai & Rhee, 2010; Romar, 2002; Li & Liang, 2015). Some managers, especially those in Mainland China, have embraced such ideas with a degree of enthusiasm, and try to run their companies according
to the Confucian principles they believe in. An illustrative case in point is FOTILE (McFarlan, Warren, Fang, & Zhang, 2013).

FOTILE is a Chinese company that occupies over 40 percent of domestic market for high-end kitchen hoods. The company is well known for its explicit reference to Confucianism as the primary foundation of its organizational culture and business strategy. In early 2000, Mao Zhongqun, the founding CEO, realized that Confucian tradition could be a valuable managerial resource for Chinese organizations as Japanese culture was for Japanese companies. Mr. Mao came to believe that Confucianism makes better employees, better leaders, and better organizations. Therefore, Mr. Mao declares that Confucian virtues (such as benevolence, righteousness, propriety, wisdom, and credibility) are the central values of the company. He set out to build an organization whose organizational culture is defined by Confucian virtues.

One notable initiative in this regard is to increase employees’ exposure to Confucian teachings. In the corporate headquarters, Mr. Mao set up a classroom named Confucius Hall (Kongzi Tang). This 200-square-meter room in a prime location is decorated like an ancient Confucian school with a big statue of Confucius standing beside the podium. In this room, employees in leadership positions are required to take monthly classes on Confucianism. Furthermore, all employees of the company are encouraged to begin their daily work by reading aloud fifteen minutes Confucian teaching every morning.

In addition, Mr. Mao tried to ensure that his company treats employees according to the teachings of Confucius. For example, he found that penalty-based approach to workplace misbehaviors goes against Confucian ideas of virtue-based leadership. Therefore, in 2009, he stopped charging penalties for minor misbehavior such as coming late to work or leaving early. Instead, he required immediate supervisors of misbehaving employees to talk to the employee in person to find out the reason behind it and to offer help if needed. Such a humane approach is believed to significantly reduce the occurrence of minor misbehaviors and enhance company effectiveness. Driven by the spirit of benevolence, Mr. Mao also tries to give generous benefits to his employees. Unlike most other companies in the region, FOTILE provides employees with extra days of paid holiday, profit-sharing schemes, and a substantial amount of interest-free loans.

Mr. Mao has made conscious efforts to set Confucianism as the defining feature of FOTILE’s business strategy. The company specifies its primary mission as being to enable people to feel better about their jia (家, home or family). This mission statement expresses the company’s ambition to be a leading home appliances provider as well as its commitment to family-like organizational climate. He urges all employees to embody these virtues and to exhibit a sincere love for the customers, for the products, and for each other. When asked if learning Confucian ideologies have negatively affected the company’s innovation, Mr. Mao said it has produced just the opposite because the love for the customers has enabled them to come up with the best rather than meet a particular standard. The company’s total number of patents has exceeded the sum of those by the next nine competitors for the past ten years. The introduction of Confucian management is believed to make significant contributions to FOTILE’s competitiveness and its market performance.

It is not yet clear whether the anecdotal stories such as FOTILE case is widely generalizable, and whether Confucian management could be established as a viable, coherent, and rigorous managerial concept. However, it seems to be clear that Confucianism inspires a growing number of East Asian managers to rediscover the potential managerial values of their indigenous cultural traditions.
Conclusions

Confucianism has had an indelible influence on East Asian society. For over 2,000 years, Confucian ideals have shaped the political arrangements, educational systems, and everyday lives of people in greater China and in the neighboring countries of Korea, Japan, Vietnam, and Singapore. Confucianism has taught East Asians to respect hierarchy, prioritize family, pursue self-development, and build harmonious social relations. During the period of modernization, Confucianism was criticized as a regressive legacy of pre-industrialized generations. It has survived to inspire developmental governments in the region and is now the subject of growing attention as an alternative ideological resource for sustainable East Asian capitalism.

Confucianism has been a formative influence on HRM in East Asia. Despite several waves of Westernization, Confucian tradition has continued to inspire East Asian organizations to develop their own unique HR practices, and the examples discussed here confirm this influence on selection, compensation, training, and retention practices. Confucianism has also contributed to sustained gender bias in East Asian workplaces, diluting or suppressing some collective labor activities. The unique corporate rituals of East Asian companies are also inspired in many cases by Confucianism.

We encourage HR researchers to pay serious attention to the implications of Confucianism for East Asian HR practices in future studies. In various areas of social sciences, Confucianism is an active scholarly concern, prompting debate about whether and how it may contribute to sustainable economic development in the region (Franke, Hofstede & Bond, 1991; Hofstede & Bond, 1988; Warner, 2010). Political scientists ask whether and how Confucian tradition can facilitate the advancement of democracy and the rule of law (Fukuyama, 1995; Shin, 2011), and management scholars have recognized the utility of Confucianism as an explanatory framework for Asia-specific phenomena (e.g., Chuang & Shim, 2015; Li & Liang, 2015; Kim & Strudler, 2012; Zhu, 2015). Business ethicists suggest that Confucianism may be a valuable moral resource for managers in greater China and beyond (Cheung & King, 2004; Boardman & Kato, 2003; Kim, 2014a, 2014b; Kim & Strudler, 2012). This exciting growth of scholarly interest in Confucianism offers great opportunities for researchers of HRM in Asia. Many previous studies of HRM in East Asia have addressed Confucianism in a rather superficial way, often reducing it to a contextual background overshadowed by Hofstede’s cultural dimensions. By explicitly taking into account the long-standing influence of Confucianism as a cultural tradition, future research can enhance understanding of the determinants and outcomes of East Asian HR.

References


