Business ethics in China

Yuqiao Xiang

China is a country with a long history of ethics and moral governance, but its history of business ethics is akin to a short story. In China, the rise of business ethics, as scholarly pursuit, occurs later than its emergence in most Western developed countries, but the later emergence does not mean that the narrative of China’s business ethics is without content or interest. With the rapid increase of China’s international economic position, there are many indications that business ethics is now developing rapidly in China. Although business ethics arrived late to China, the ethical concerns are deeply-rooted in the traditional morals of the Chinese people. In this way, the advent of business ethics is not new even as the application of ethical ideas to a market economy seems new. Even the classic Chinese thinkers—Kongzi and Mengzi—had something to say about responsibility and wealth, though their legacy shall not be a central feature of this chapter.

Instead, this chapter offers a summary portrait of the emergence of business ethics during the past three decades. In 1978 the Communist Party of China set forth a new policy—literally “reform” and “opening up” (hereinafter, simply “reform”)—in which the planned socialist economy would be transformed into a socialist market economy. The Party’s declaration made possible the market (and social) conditions that render plausible any genuine ethical consideration of the operations and aims of businesses and markets. With a primary focus on the academic or intellectual consideration of business ethics, rather than actual practice, this chapter will first address the connection between China’s business ethics and China’s social and political background, especially in relation to the policies since 1978. A second section details some of the main theoretical trends in China’s business ethics during the past thirty years. The third section examines some of the possible challenges that China’s business ethics will be facing in the future. Throughout the chapter the primary emphasis will be on current scholarship, chiefly that of Chinese rather than Western academics. Much of this scholarly literature has not been translated into English.

The new era in China and the rise of business ethics

In any country, the birth of business ethics usually requires two conditions, one objective and the other subjective. On the one hand, there should be an economic system objectively suitable for the development of business ethics; on the other hand, there should be mature agents...
of economic activity who subjectively recognize the value of business ethics and feel strongly motivated to establish it as a new branch of learning. After entering the era of reform China satisfies both conditions.

In modern China, three historical events have enormous significance. First, the Xinhai Revolution of 1911 ended the feudal system of China. With the demise of feudalism, the Chinese people began to embrace such modern ideas as liberty, equality, and democracy. Second, the founding of the Republic of China in 1949 not only heralded the birth of a new socialist country in East Asia, but symbolized the beginning of the Chinese nation’s real independence and universal emancipation. Thirdly, the reform policy carried out by China’s government since 1978 has encouraged the Chinese people to an unprecedented open-mindedness, coupled with a new understanding of the significance of innovation and creatvity. In sum, the policy of reform has proved to be a powerful driving force in the recent development of contemporary China.

From 1949 to 1978 the Chinese people lived in a planned socialist economy. As is generally known, the system is characterized by the central government’s absolute monopoly over economic activities, with executive edicts being the soul of the national economy. As the single agent of economic activity, the central government had absolute power to devise economic plans and enforce them; meanwhile other market agents, individuals and enterprises, could do nothing but carry out those plans without discussion or hesitation.

If such a planned economy system expressed a fundamental normative implication, it would be the requirement of obedience: one must comply obediently with the executive orders of the central government. During that historical period, the moral requirement for obedience to executive orders was issued and enforced by the central government, yet it was in a sense accepted by people: obedience was thought of as something like a virtue, for its existence did reflect the norms of the planned economy and helped to achieve moral uniformity, if not consensus. However, enforced obedience has the result of becoming blind obedience, for when the economic life of society is wholly governed by the government, then individuals and enterprises are left without any opportunity to exercise moral choice. To be deprived of the right of making moral choices renders individuals and enterprises effectively blind. One comes to perceive what one is told to see and one comes to follow only those paths down which the leaders tell one to walk.

Since the planned economy provided limited space for human moral pursuits, it was unsuitable for the growth of business and thus for business ethics. As Lulu Wang and Jie Wang have described, there was no systematic discourse of business ethics in the 30 years after the founding of New China in 1949, but only some rather narrow or incomplete ethical thoughts related to economy (Wang and Wang 2014: 17). In fact, it is not simply that one was to obey these plans and orders, but that they were valorized and lauded, regardless of their effects. The worship of executive plans and orders means that they remained unchallengeable in economic life. Choice and responsibility was completely borne by the central government. Having been deprived of any decision-making rights, individuals and enterprises lost any sense of autonomy and responsibility. Since they were not treated as autonomous market agents, their actions, whatsoever these were, were non-moral. In the very activities of work that take up so much of everyday life, an individual did not have to consider whether his or her actions were moral or immoral.

Of course, one could assert that the individuals in the planned economy did live lives of moral meaning, for they participated in practical economic activities guided by the moral values of the central government. However, since they were not truly autonomous in their actions or decision-making, they could not be said to have a moral identity that incorporated any notion
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of choice, autonomy, or responsibility—not even the notion of mutual benefit. In this sense the characters of individuals within the planned economy would prove, in many ways, unsuitable for a market economy.

On December 22 1978, the Communist Party of China held the third session of the Eleventh Central Committee and announced that the nation would replace the planned economy system with a market economy system. Six years later, on October 20 1984, at the third session of the Twelfth Central Committee, the Party declared that China had started carrying out the policy of opening to the outside world (Documents 2013: 17). In 1993 the Fourteenth Party Congress declared that China would implement a socialist market economy (Documents 2013: 55).

The policy of reform has proven successful and has brought about significant economic and societal changes. The policy has animated a spirit of hope and positive change even as it serves as a reminder that China has various and manifold tasks if it is to develop its economy and society. If one looks to the moral and social effects of the policy, it seems clear that the policy has reasserted the decision-making rights of individuals and enterprises: individuals and firms are no longer seen as followers but as market agents who are worthy of being respected. The other significant effect is the obvious one: a giant leap in the overall productivity of China. As a matter of fact, with the deepening of reform and opening-up, the Chinese people have the opportunity and necessity to learn more and more about the real meaning of the market economy and its operating rules and conventions, including the allocation of resources based on supply and demand and the corollary idea of price fluctuations. There exists a growing recognition of how these features enhance productivity and provide a plausible alternative to an economy of command, control, and obedience.

In the early years of the reform policy the central government was often hesitant or even unwilling to let individuals and firms enjoy the rights of determining methods and products—the very essence of a market allocation of resources. Even as the government initiated the reform its own inherent tendencies (to assume a knowledge of the economy and to exercise control) conflicted with the aims of the policy itself. And for the citizenry, many individuals and enterprises were less than ready to function as self-governing agents in market economy.

An appreciation of market phenomena not only is essential if participants are to make wise choices that will enhance their productivity but it also provides conditions under which ethical choices come to the fore. The policy of reform has encouraged a subjective liberation, a liberation of the mind. But this liberation should not entail an indifference to the public interest, fraudulent practices or products, or any attempt to utilize the market for oneself alone (so that potential or actual competitors are put at a legal or regulatory disadvantage). Clearly this liberation comes with the fact that the advent of a market economy has also generated certain negative social problems: income disparity, money worship, sale of fake commodities, all of which were hardly encountered in the era of the planned economy system. These social problems have ethical import.

It could be concluded, quickly but too easily, that the market economy is an economic system generating ethical problems. If this claim were meant as an indictment of the market economy, then this would be an ill-advised inference. After all, there are ethical problems in the planned economy system too, but in a sense they are much simpler: the planned economy not only puts the central government at the center of economic life but its very aim is to simplify, regulate, and control ethical relations (for better or worse!). Specifically speaking, planning reduces the ethical relations of the society to those between the central government and market agents. Having been deprived of economic autonomy, individuals and enterprises actually lose their moral autonomy. With no say in economic decision-making, they lose the sense of moral responsibility regarding the consequences of their decisions. Because the market grants agents
their due rights to make moral judgments and economic decisions, the moral space of the market economy is much larger than that of the planned economy.

It is within this moral space that business ethics becomes possible. The rise of business ethics in China, therefore, has much to do with the rapid development of the market economy. Not surprisingly, then, it is in the last decade of the twentieth century that business ethics as a discipline begins to develop in China. In 1993 Xiaoxi Wang, then a young Chinese scholar, published an essay, “The Outline of Business Ethics,” in the Chinese journal *Jiangsu Social Sciences* (Wang 1993). This paper turned out to be the first published essay in China dedicated specifically to business ethics. For his Chinese audience, Wang defined the concept of business ethics and discussed its subject matter, yet in many ways the essay was tentative and general. Business ethics was defined as a branch of philosophy focused on the good versus evil value-orientation of human economic activities, but there was little in the way of developed argument or explanation. Nonetheless, this publication marks the starting point of China’s business ethics: not only did Wang contend that business ethics was a necessary part of any study of applied ethics but he also predicted that China would witness the rapid development of business ethics with the deepening of its economic reforms.

Shortly thereafter, in 1994, Xiaoxi Wang published a book-length treatise, *China’s Business Ethics Seen from Historical and Realistic Perspectives* (Wang 1994). This was the first book-length treatment of business ethics in China. Wang reviewed the history of mankind’s ethical thoughts in the field of business and considered whether traditional Confucian ethics and Taoist ethics should be regarded as necessary historical resources for the development of China’s business ethics. Here Wang anticipated a debate that would recently arise among business ethicists: to what extent does classical Chinese thought, in particular that of Kongzi (Confucius) or Mengzi (Mencius), provide a conceptual or normative basis for contemporary thought about business? Some have argued, with Wang, that Confucian thinking provides a rich potential (Chan 2008; Zhu and Yao 2008) but others have suggested that classical thought has little relevance, or even a negative one, on ethical business (Ip 2009). The most recent study (Elstein and Tian 2017) is more nuanced and points out how the classic texts do not easily yield normative conclusions.

Along with his defense of the Confucian tradition, Wang contends that the socialist market economy system upholds both a set of moral values, which he identifies with socialism, and the productivity provided by the incentives of markets. While defending the notion of distributive justice, Wang does not identify this with the egalitarianism of the planned economy of communism. Rather, in recognizing that most Chinese have given up strict egalitarianism, Wang defends a principle of fair distribution of income in proportion to the economic worth of one’s labor.

Wang remains one of the few Chinese scholars who have conducted research on business ethics as a discipline. His studies, even if preliminary, are nonetheless significant for they have laid down the necessary theoretical preparations for the rise of China’s business ethics and brought to mind the importance of constructing a discipline of business ethics in contemporary China. In fact, Wang has sought to establish a business ethics that bears particularly Chinese features. Moreover, he maintains that the socialist market economy of China cannot survive without the support of a strong business ethics culture. In other words, the lived experience of individuals in corporations and firms must be one in which ethics is a valued guide.

During the decade of the 1990s, as only a handful of Chinese ethicists walked cautiously into the field of business ethics, some economists surprised the academic circles of China with systematic investigations into business ethics and market morality. Two well-known economists, Yining Li and Yushi Mao, were the most notable. In his *Ethical Issues in Economics* (1995), Li held that economics could not avoid discussing and investigating ethical issues. Efficiency, he argued, is related to fairness, and the economist must take into account how macroeconomic objectives may affect
individual plans, including investment and consumption behavior. Li saw a clear role in economics for both positive and normative analyses. Two years later, another Chinese economist, Yushi Mao, published *The Moral Prospect of the Chinese People* (1997). Mao urged, rightly, that with the transformation from the planned economy to the market, China needed to reconstruct its moral values so that they were more compatible with the requirements of markets. However, Mao also held the mistaken belief that during the era of communist planning, the Chinese had resorted to traditional Confucian values to guide their activities. So, if the traditional values were suitable for the planned society, then new values were necessary for market economy. But the latter could be true without the former being correct. In any case, both Li and Mao are part of the larger debate in China as to whether, how, or to what extent market morality conflicts with, complements, or improves traditional morals (see Hanafin 2002 for a discussion of these three perspectives).

These economists’ interest in and interventions into ethical issues had a surprising impact upon academic circles in China, especially those which included ethicists. The work of these economists played an important role in motivating Chinese ethicists to further the development of business ethics and to make their own theoretical contributions in this field. Even if the economists’ investigations into ethical issues lacked systematic philosophy, the economists’ practical experience and knowledge in the field of markets, not to mention their grasp of concrete empirical data, carried their own particular persuasion. Given the nation’s overall emphasis on economic development as the core task of the country, it was not unexpected that these declarations from economists would draw attention across society.

With internal pressure from the circle of ethicists and external pressure from the economists, by the turn of the century additional scholars had turned their attention to the field of business ethics. Xiaohe Lu, a professor in the Shanghai Social Sciences Academy, published work in both English (1997) and Chinese (2008). Agreeing that economic reform has enhanced the development of business ethics in China, she encouraged the study of business ethics from three levels: the macro-level of institutions, the medium-level of organizations, and the micro-level of individuals (2008: 67–68). Although this standpoint is borrowed from Western business ethics, it helps the Chinese people to recognize the relations among the types of market actors (government, enterprise, and individual), and it indicates a basic structure to the field. Although the Chinese entered the era of the market economy system thirty years ago, their self-consciousness as market actors has remained inadequate even up to now. Therefore, in instances in which China’s business ethics borrows from Western countries, these adoptions have often proved crucial to strengthening the general comprehension of markets and the consciousness of market agency. According to Xiaohe Lu, the chief task of business ethics is to explore the relations between economic value and moral value. In so far as business ethics is a branch of the so-called applied ethics, it must answer two basic questions, namely, which moral or business ethics theory proves to be more suitable (and what the criteria of suitability may be), and how a theory may be applied to economic practice.

In October of 2010 the China Association of Business Ethics (CABE) was founded in Nanjing Normal University with Professor Xiaoxi Wang as the first president (still serving as one). This event marked an important milestone in the development of Chinese business ethics. The association has played an important role in securing academic interest in the study of business ethics and in boosting scholarly work in business ethics. After the founding of the association, business ethics became much more popular among China’s academic circles, has attracted an increasing number of Chinese scholars, and has shifted to a stage of quicker development. The CABE holds an annual conference and has more than two hundred members, the majority being scholars from universities and colleges, the rest being businessmen from either public- or private-enterprises.
Since its founding, CABE’s president has insisted on compiling and publishing annually, since 2000, *The Yearbook of China’s Business Ethics*, intended to gather the scholarly achievements of Chinese scholars working in the field of business ethics. The presence of the yearbook not only helps to sort out the history of China’s business ethics, but also helps to expand the impact of China’s business ethics. Written in Chinese, it is a good window through which Chinese scholars, as well as those of other nations, may get to know the history and current situation of China’s business ethics.

**Theoretical trends in Chinese business ethics**

The era of reform has generated diversity and innovation in China. Motivated by the ideas of reform and opening to the outside world, the Chinese people have gradually abandoned such moral values as strict egalitarianism and the moral lifestyle that accompanied it, marked by excessive emphasis on obedience. The Chinese have shown great interest in welcoming new moral values. Some advocate the features of markets such as mutual benefit (the mutual benefits of trade), and others emphasize the importance of philanthropy, but there is a genuinely open attitude towards Western moral values such as equality and liberty. In fact, Western moral values have played a role in enriching the content of modern China’s values, rendering the moral life of China more diversified. However, the Chinese people have never been ready to merely accept Western moral values without criticism. This tension has created an interesting situation: on the one hand the Chinese mentality rests earnestly on traditional moral values, e.g., Confucian values, while, on the other hand, the modern Chinese exhibit a willingness to engage with new moral values as well.

Of course, the traditional ethics of China did not have an independent branch that could be called business ethics, but it did contain ethical thoughts that could serve as the source of some concepts or ideas of relevance to contemporary Chinese business ethics theories (for a full discussion, see Elstein and Tian 2017). For example, Kongzi talked about the issue of distributive justice in *The Analects* and believed that the citizens of a state were concerned more with the problem of inequality of material wealth than with that of poverty (Kongzi 2015, *Analects*: Chapter 16, para. 6). This Confucian standpoint—which is not opposed to either wealth or profit (Elstein and Tian 2017: 58)—may aid, to a certain degree, the explorations of business ethicists on the subject of income and wealth disparities.

However, China inherits a long tradition in which it is expected that a person in business, a businessman, would embrace moral values, especially *Confucian* moral values, so the Chinese people have always liked to call excellent businessmen “Confucian Businessmen.” This linkage may derive from the fact that one of Kongzi’s outstanding students, Zigong, was a successful businessman. As a matter of fact, he was not only a rich but also a virtuous and philanthropic businessman who financed most of Kongzi’s academic activities, including his travels from one state to another. He was one of the so-called Confucian businessmen who kept in mind the moral doctrine of Confucianism, as expressed by Mengzi, that when a person was poor himself, he should maintain his moral personality; but when he became rich, he should try his best to help others with his good conduct (Mengzi 2006: Section 13, para. 9).

The implementation of China’s reform policy has not only permitted more freedom of thought but it has also yielded a remarkable increase in creativity. After a long period of confinement, there is great interest in theoretical and practical innovation, as evidenced in the interest in technological products for the individual (the ubiquitous cellphone), as well as high-speed rail and an aerospace industry.

Business ethics is no exception. As the economy has expanded so have new ethical issues emerged that warrant attention from the perspective of business ethics. These include the
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extent to which the market has a negative or positive effect on morals (Hanafin 2002), and it also includes the emerging concern over income inequalities, as well as questions surrounding the pursuit and uses of wealth. Many of these may have been present even under a planned economy but the central government would not encourage their recognition much less their discussion. But every era has its ethical issues, so the current theorizing among China’s business ethics community is closely related to the social and economic reality of contemporary China.

It is important to note a positive peculiarity of Chinese business ethics: its scholars have a strong interest in exploring the field from a historical perspective. In their studies, most of them consider it theoretically necessary to find out and explore the historical background of a question or theme. There are at least two reasons to explain this phenomenon. One is the cultural fact that the Chinese enjoy a self-consciously long history of civilization, so they tend to think historically and to rely on historical memory. In this sense, history suggests ways of considering and treating important questions. Some of this tendency is reflected in the general interest among students and scholars in China for the study of disciplinary history. Another and more contemporary reason is that many Chinese scholars, educated in national institutions and universities, have been profoundly influenced by Marxist philosophy, with its emphasis on the methodology of historical materialism. Thus, when Chinese scholars come to consider a question or topic in business ethics, they commonly tend to treat it as a result of history. As an example of this historical emphasis, Xiaohe Lu’s work in Chinese, A Study of Business Ethics (2008), includes three long chapters that explore the history of business ethics as developed in Western nations. She narrates a version of business ethics as developing or extending from America to the whole world.

A second theoretical trend is that most Chinese scholars working in business ethics attach great importance to the study of basic theoretical issues. Business ethics started relatively late in China, as we have seen, so many Chinese scholars begin their study of the subject by writing textbooks in which they discuss such issues as the definition of business ethics, its disciplinary nature, research goals and tasks, and the practicality and overall value of business ethics. Business ethics is regarded by Chinese scholars as an important branch of applied ethics. Therefore, in these textbook-like treatises, Chinese scholars try to establish a theoretical system for a business ethics that nonetheless bears special Chinese features. These features include, as we describe below, notions of moral capital and conceptions of the relation between the ecological and the economic. In this way, these texts are not simply introducing Western business ethics theories into a Chinese context. The theoretical elements are to help people understand the ethical implication of economic activities; thus the assumption is that the theory will prove practically relevant to those who seek to carry out the moral tasks advocated by business ethics (Wang 2015a: 2).

Thirdly, the issue of moral responsibility remains a primary focus in the Chinese literature on business ethics. The ethical tradition of China has always been marked by an emphasis on moral responsibility. Within this tradition, the concept is often connected to the requirement for people to be responsible for self, to other individuals, and to society as a whole. For example, Confucian ethics requires people to practice self-cultivation, but stresses that the aim of cultivation is to develop the ability to take on moral responsibility of serving society. Taoist ethics calls on people to learn from the virtue of water: “The highest goodness is nothing but the virtue of water” (Lao Tze 1998). What is the virtue of water? It is to keep self and others afloat—to support or shoulder the performance of benevolent actions. Chinese moralists have always believed that moral responsibility is the key element of the moral life: without a sense of responsibility, there would be no morality of any sort at all.
China’s business ethicists pay special attention to whether actors within the market economy shoulder moral responsibility. Not only does this concern draw from tradition but it may also reflect a tendency, even today, to wonder how an open economy can function if individuals are not otherwise controlled or directed to specific ends. In the era of the planned economy, China’s enterprises and individuals were not able to be morally responsible for what they did because the central government was the sole decision maker. In contrast, Chinese moralists with an interest in business and a strong conviction in business morality seek to find ways to reconcile an appropriate role for government with the imperative to allow market actors, whether enterprises or individuals, to choose for themselves. The appeal to moral responsibility ensures that one may choose even as one must accept the consequences of one’s action. In this context, some Chinese scholars said that the responsibilities of government are distinct from the responsibilities of enterprises and individuals (Yu et al. 2015).

A fourth aspect of current business ethics is a focus on the relation between nature and human economic activities. Zeying Wang has argued for an “eco-economic ethics” (Wang 2001) that would extend the concept of business ethics beyond the scope of human economic activities and interpersonal interactions to the relations between human beings and the natural environment. Wang emphasizes that the issue of natural-environmental protection is a topic that Chinese business ethics should not neglect, but he locates the topic less in the standard theoretical positions than within a new field, namely “eco-economic ethics” (Wang 2001: 167). Wang’s standpoint has received support from this author whose book, Eco-Economic Ethics (Xiang 2004), argues for establishing a standpoint from which to lay out systematic investigations into the ethical relations among man, economy, and nature. According to Xiang, the relations among man, economy, and nature are of ethical significance yet they cannot be reflected adequately in the current language of business ethics. A new concept of eco-economic ethics is required to articulate the moral values to govern those relations (Xiang 2004: 1).

A fifth feature of Chinese business ethics is the subject of economic justice. The development of the socialist market economy has helped China accumulate material wealth, but it appears to have led to a widening gap between rich and poor too. This gap has occurred across regions as well as individuals. The market economy encourages and rewards enterprises and individuals whose labor and products are highly valued. Inequalities do not arise simply because enterprises and individuals with extra resources or abilities gain relatively more than others as a result of market competition; they also emerge from systematic unfairness, as when firms or individuals with political (or other) relations to government officers or regulators employ these connections to favor themselves or to disfavor others. Therefore, income inequality has a twofold basis, one resulting from the fluctuating values of labor and the other from the misuse of state power to secure non-competitive advantages.

In present-day China the issue of income disparity has caught the attention of many people. The Chinese government has implemented a project called “Precision Poverty Alleviation Project,” to run from 2016–2018, that is designed to help people who live below the poverty line enjoy a decent and dignified life. Of course, the issue of the fair distribution of material wealth is very complicated and incorporates philosophic as well as empirical elements. For example, it concerns the relative values of material versus intellectual wealth, the extent to which greater material wealth is a good, along with the empirical ways in which markets rely upon prices and incentives, as well as the various regional differences across China, to mention but a few. The scope of the issue is so important that some Chinese scholars have recognized the need to establish an ethics of wealth. Kailin Tang, one of the most well-known ethicists in contemporary China, has proposed the concept of “wealth ethics” in his essay celebrating the thirtieth anniversary of the journal China Social Sciences (Tang 2010). Tang argues that China
has arrived at a crisis of development and modernization in which the citizenry has become indifferent, respectively, to both the moral requirements of a market (development) and to any problems associated with it (such as rapid modernization and inequality). Therefore, a wealth ethics is urgently needed to help the Chinese people to solve the crisis of development and the dilemma of modernization (Tang 2010: esp. 34–35). Other scholars, including this author, have also taken up the idea of an ethics of wealth (Xiang 2010) and defended a system of moral values (a wealth morality) to guide the production, distribution, exchange, and consumption of material wealth. Xiang emphasizes the necessity of respecting all wealth creators, including those who work with their hands (manual labor), and the necessity to respect all forms of productive endeavor, whether intellectual or manual. He thinks that the pride of wealth creators, especially that of those with less education, is not adequately respected in human society, but it is an important ethical issue that should be studied by an ethics of wealth.

On a related note, Xiaoxi Wang, already mentioned as a pioneer of China’s business ethics, has argued, over the past two decades, for a controversial concept of moral capital. According to Wang, moral capital is a form of spiritual capital that functions to enhance productivity as it sustains the moral outlook that complements property, creativity, and exchange (Wang 2015b: 56). After he set forth this notion in 2000, Wang has made unremitting efforts to publicize and defend it even against scholars who have questioned the very rationality of the concept (see also Wang 2016). Some Chinese scholars (e.g., Yaoming 2012) who think that it is unimaginable to create a concept of moral capital do so by drawing from Karl Marx’s theory of capital as relations of production sullied by exploitation. Others contend that if morality is a kind of capital, then so does it become less a norm or standard than an instrument to be used as one wants. Even if Wang’s proposal is controversial, it represents a novel direction in China’s business ethics. In fact, Wang is one of the few Chinese scholars who have attained international recognition through his scholarly investigations. At the very least his work helps people to think more deeply about the definition and consequences of morality.

A final theme in Chinese business ethics is the idea of philanthropy, the voluntary giving or sharing of wealth. This theme has arisen in large part due to the economic prosperity that the reforms have engendered. In fact, the interest in this theme also comes from actual entrepreneurs, of whom Dezhi Lu, chairman of Hong Kong Life Insurance Co. Ltd., is the most well-known example. Dezhi Lu studied the issue of charity from an ethical point of view as a PhD student (2004–2007) at the Research Institute of Moral Culture of Hunan Normal University. Since receiving his PhD in 2007, Lu has, while managing his insurance company, written several works on philanthropy: The Spirit of Capital (2007), Charities (2013a), Toward Sharing (2013b), Capital Sharing (2015), and The Spirit of Capital and the Collaborative Development of Human Civilization (2017). According to Dezhi Lu, “sharing” or philanthropic generosity, is a human virtue that mankind has always tried to cultivate, with its most common form of expression found in the sharing of material wealth. Dezhi Lu is a particularly interesting representative of a class of contemporary Chinese entrepreneurs who, armed with strong moral consciousness, are exerting practical influence on the development of China’s business ethics.

Philanthropy is an instance of practical business morality made possible by the productive capacity of commerce. Many Chinese enterprises undertake an even greater extension of ethics in business. For example, Haier, a world-famous air-conditioner company, has insisted, since its founding in 1984, on the moral goal of “being faithful to customers forever.” Even if this insistence has roots in the firm’s desire for profit and the firm’s sustainable development, it is the sort of action that also generates its own a moral force independent of any instrumental use. Moreover, examples such as these—philanthropy and customer loyalty—are signs of a maturing
of the overall business climate and an indication that Chinese enterprises are now realizing the role that morality can play in economic development.

The future challenges of business ethics in China

It is not unreasonable to think that the scholarly pursuit of business ethics will flourish in the next two decades, for China has an urgent need to support its huge economic machine with a robust business ethics.

As we said before, the era of reform and opening to the outside world has given the Chinese people the opportunity to explore, innovate, and investigate. The Chinese people have relinquished some traditional beliefs and learned to face a lot of new problems and novel challenges. The most crucial problem is that, while experiencing continuous economic growth, China must ensure that its market economy can operate productively and ethically. The operation of the market economy should not conflict with established moral values (equality of opportunity, mutual benefit, and environmental protection) for these provide the long-term basis for further development and for a genuinely lived ethics of business in firms large and small.

China’s current social environment is conducive to the further development of business ethics. China is now engaged more deeply in the process of economic globalization, so the ethical perspective of the Chinese people is also becoming increasingly international. In addition, the interest of Chinese scholars in pursuing more innovative work contributes to a favorable climate for the development of China’s business ethics. Even so, this development is not automatic or without challenge.

First, there is the need to develop young talent in the field. In the past thirty years a number of Chinese scholars, including Xiaoxi Wang (Nanjing Normal University), Xiaohe Lu (Shanghai Social Sciences Academy), Zhongzhi Zhou (Shanghai Normal University), Zeying Wang (Hunan Normal University), among others, have expended considerable effort to establish the position of business ethics in China. The cultivation of young scholars is indispensable if Chinese business ethics is to grow and flourish into the future.

As things currently stand, most who study business ethics are professors of philosophy, whose areas or primary expertise are distinct from business ethics. This fact has its advantages in that a philosophical preparation is important to the study of business ethics. Yet there is this disadvantage: those whose responsibilities extend beyond the field of business ethics may be less inclined to systematically engage in primary research on business ethics.

Secondly, the academic circles of China’s business ethics need to enhance their international contacts. Chinese business ethicists, though few in number, still do not have international influence. One reason is that they do not attend conferences or engage in other channels of international communication. Many are satisfied with the study of business ethics in the context of China. Others do not seem to be mindful of how to disseminate their work to the world. These facts not only limit their research vision, but it also restricts the international influence of China’s business ethics. The study of business ethics in China should not be a game of self-enjoyment. Chinese scholars need to learn what the scholars of other countries are doing (and have done), but they should certainly not be confined to this task. Chinese scholars must also globalize China’s business ethics so that scholars abroad may know of Chinese contributions to the field.

Thirdly, the development of China’s business ethics needs to attain an internal regional balance. At present, the Chinese scholars who study business ethics are mainly concentrated in developed coastal areas, such as Shanghai, the Jiangsu Province, and the Guangdong Province. The number of scholars in other areas of China who come to study business ethics is limited.
The development of the market economy is now spreading throughout the country, so business ethics needs to extend itself to other geographical areas of China too. Other regions of China should have more scholars join in the research teams of business ethics, otherwise the development of China’s business ethics will remain limited.

Fourthly, many Chinese scholars who come to study business ethics are not familiar with practical economic activities. These individuals are the so-called “pure scholars” in colleges and universities. Ensoined in colleges and universities, they lack contact with and knowledge of business enterprise and the market economy. This deficit means that their writing is not only not informed by actual business practice but lacks practical relevance. Therefore, when one reads the writings on business ethics by some Chinese scholars, one sometimes has the impression that they have little acquaintance with the operations of firms or markets.

In order to overcome this state of things, the academic circles of China should have the willingness and courage to learn about and to participate in specific market economic activities. Most importantly, they must learn to co-operate with entrepreneurs. This does not mean that business ethicists should enter into business, but it does mean that they should get to know more about business and businesspersons. The business enterprise is the pillar of the modern economy, so if Chinese scholars are not acquainted with the operation of these firms, their research on business ethics is sure to be divorced from reality.

Related to the above challenge is a fifth concern: China’s scholars should do more empirical research in the field of business ethics. As noted above, many Chinese scholars are better at theoretical than empirical research. Due to the lack of empirical research, the theoretical writings of the Chinese scholars often receive a less than welcome acceptance from businesses and individuals. China’s business ethics should walk forward with both feet, covering thereby the grounds of theoretical contemplation and empirical consideration. Without empirical context or understanding, a business ethics remains definitional and unrealistic. The vitality of China’s business ethics lies in both theory and practice, as we have said. It cannot survive with either of the two dimensions left in the shadows.

A sixth and final challenge relates to influence. As Chinese business ethicists advance in their studies, acquiring greater knowledge of business and the workings of markets, so should they do more to influence the decision-making of the Chinese government. At present, those who have great influence on the decision-making of the Chinese government are chiefly economists. They are actually the leaders of China’s national economy. Nevertheless, when they make proposals to influence the economic decision-making of the Chinese government, they tend to pay attention to issues such as how to increase GDP, but they seldom, if ever, deliberate on the ethical dimension of the market economy system. Therefore it will be incumbent upon the scholars who study business ethics in China to make more effort to influence the government’s economic decision-making. With greater knowledge of business and markets, Chinese business ethicists should be in a position to influence the government knowledgeable and actively.

China’s business ethics faces many challenges right now but the most important thing is to establish new pathways for the sustainable development of the discipline of business ethics across China and into the international arena. This development should be based on the ethical wisdom of China’s scholars who care deeply about the healthy development of an ethical market economy in their homeland.

Concluding remarks

When we try to find a proper way to achieve the goal of economic development, what we have to consider is that our economic activities should not be in conflict with our moral values.
No matter what economic activities we perform, they must stand the test of certain moral values, which can be found in business ethics. The presence of business ethics in human society helps to ensure that our economic activities do not lack moral value.

China is a developing country with great potentiality and vitality, so what is now happening in the country is witnessed by the world. The fact of becoming the second biggest economic entity not only means that China’s international economic position ranks higher than before, but also shows that the international community expects the nation to take on more responsibility, the most fundamental one being to keep its own economy operating on an ethical track. One way to achieve this goal is to encourage citizens to practice business ethics and to have scholars who think and write about markets and morals.

Business ethics is now understood and welcome by more and more Chinese people who accept the idea that the operation of the market economy system should be allowed to function yet be based on a concrete ethical foundation. This great change in attitude represents one of the most significant transitions in contemporary China. Like all other nations of the world, the Chinese people hope to have a market economy that is productive and ethical. The development of business ethics in contemporary China testifies to the fact that the Chinese people are embracing a better conception of the market economy and of business ethics.

Essential readings


For further reading in this volume on the transition from communism to markets, see Chapter 39, Business ethics in transition: communism to commerce in Central Europe and Russia. On business ethics developments in South Asia, see Chapter 36, Business ethics in South Asia: Gandhian trusteeship and its relevance for the twenty-first century. On the relations of politics and markets in general, see Chapter 21, Regulation, rent seeking, and business ethics. On the relations of markets and nature, see Chapter 22, Business, nature, and environmental sustainability.

References


