

CHINESE CULTURAL VALUES AND ENTREPRENEURSHIP: A PRELIMINARY CONSIDERATION

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ABSTRACT

The paper sets out to explore the link between Chinese cultural values and entrepreneurship. A list of Chinese cultural values (CCVs), first developed by the Chinese Cultural Connection, has been fully reexamined and amended. This list is then compared with entrepreneurial attributes defined by Western researchers in order to find links between the two. Although some entrepreneurial attributes are found to coincide with CCVs, it is concluded that the key attributes are either missing in, or conflicting with CCVs.

INTRODUCTION

The fate of Confucianism has been turned around in recent years. For much of the twentieth century, Confucianism had been reviled and abandoned by radical intellectuals and communists in China. Western scholars such as Weber (1905), blamed Confucianism for the economic backwardness of China. The economic reform and sustained economic growth in China over the past fifteen years, however, has brought Confucianism back into favour and rehabilitated it, once again, as the mainstream Chinese culture. The transformation of China from a central-command system to a market economy has also provided the possibility for entrepreneurship to reemerge and grow in China. Until recently Chinese entrepreneurship, widely attributed for the huge success of overseas Chinese family business in Southeast Asia, has been stifled in the mainland China.

Against this background, the paper reviews the major concepts of Confucius philosophy, before going on to determine:

- the core values of traditional Chinese culture;
- the links, if any, between these cultural values and entrepreneurial attributes;
- the impact of Confucianism on the Chinese entrepreneurship.

CONFUCIANISM

The modern Chinese cultural value system consists of three major elements: traditional culture, communist orthodoxy and, more recently, western values. The traditional Chinese culture encompasses diverse and sometimes competing schools of thought, including Confucianism, Taoism, Buddhism, etc., and a host of regional cultures. Nevertheless, Confucianism is undisputedly the most influential thought, which forms the foundation of the Chinese cultural tradition and still provides the basis for the norms of Chinese interpersonal behaviour (Pye,1972).

Confucianism is basically the behavioural or moral doctrine that are based on the teaching of Confucius regarding human relationships, social structures, virtuous

behaviour and work ethics. In Confucianism, rules are spelled out for the social behaviour of every individual, governing the entire range of human interactions in society. According to Confucius, there are Five Constant Virtues: humanity, righteousness, propriety, wisdom and faithfulness (Ch'en, 1986). Confucius further defined five basic human relationships and principles for each relationship, called Wu Lun. These are:

- **sovereign and subject:** (or master and follower) loyalty and duty;
- **father and son:** love and obedience;
- **husband and wife:** obligation and submission;
- **elder and younger brothers:** seniority and modelling subject;
- **friend and friend:** trust.

Thus, relationships are structured to deliver optimum benefits for both parties. For each relationship, certain behaviour principles must be followed to ensure a harmonious society. Confucius perceived that the practice of these principles was a result of *li* and *jen*. *Li* refers the rule of propriety which structures interpersonal relationships into hierarchical dualities. Individuals have to orient their behaviour to those interpersonal relations and not change their role system in the environment. *Jen*, the core Confucius concept, means one's unselfishness and ability to measure other people's feelings by one's own, or one's own "goodness" (Waley, 1988). It indicates the virtue of attaining a benevolent relationship between man and his followers. It is this value of human being that distinguishes Chinese society as collectivist in comparison to the individualist Western societies (Hofstede, 1980).

Among these five basic human relationships, a) three are family relationships. which clearly show the importance of family in Chinese society and account for its paternalism; b) the first two relationships, filial piety and loyalty, are deemed the most important; c) when they are applied to management, the first and last relationships stand out, leading to the birth of a paternalistic management style in both

China and Japan (Hsiao, et al, 1990); d) Confucius always used only the male versions of language to define family relationships. This paternal character is clearly expressed in the Chinese system of property inheritance.

CHINESE CULTURAL VALUES

In 1987, the Chinese Culture Connection, an international network of researchers organised by M. H. Bond, published a survey of Chinese values in 1987. After consulting a number of Chinese social scientists, the survey gave a list of 40 key values.

For the purpose of this study, these 40 cultural values have been reexamined and fully amended. The new list of Chinese Culture Values is shown in Table 1a (in English) and 1b (in Chinese) with the following revisions:

1. Adding 20 values. After an extensive review of literature on Chinese culture and management, the authors believe that these following values are equally important but missing from the original list. They are:

- bearing hardship
- governing by leaders instead of by law
- equality /equalitarianism
- *li* / propriety
- deference to age
- deference to authority
- conformity / group orientation
- a sense of belonging
- reaching consensus or compromise
- avoiding confrontation
- commitment
- not guided by profit
- guanxi (personal connection or networking)
- attaching importance to long-lasting relationship not gains
- long term orientation
- *te* (virtue, moral standard)
- wisdom / resourcefulness
- obligation to one's family and nation
- fatalism (believing in one's own fate)
- harmony between man and nature.

2. Deleting one: solidarity with others. This is because this value has long been abandoned in practice. As the saying goes: "Chinese like sand, cannot be held together".
3. This results in 59 values. For the purpose of analysis, these 59 values have been grouped under seven categories: national trait, interpersonal relations, social (family) orientation, work attitude, business philosophy, personal trait and attitude towards environment. However, such a classification is fairly arbitrary as the same value could be assigned to a different group or to more than one group.

The revision has been quite significant as the total number of values is increased 47.5 percent from 40 to 59, with 20 values (33.9 %) newly added. It should be noted in the table: a) the majority of the values listed are traditional, only a small number could be viewed as contemporary, for example, *guanxi*; b) some once prevailing values promoted by the communist party are not listed, which may be in direct conflict with the traditional one, such as *conquering and remaking nature*; c) some values may be in contradiction with others, for example, 37 and 45 (adaptability and being conservative), 39 and 43 (not guided by profit and wealth); d) this list does not consider the substantial differences in values between different social classes and regions, but these differences should not be overlooked in any cultural analysis since a peasant's cultural values differ greatly from those of an intellectual; e) culture is not static but in motion. Cultural values are changing all the time. The cultural values listed here are more or less constant and have persisted over time. The list does not include those which are fad.

ENTREPRENEURIAL ATTRIBUTES

The term "entrepreneur" or "entrepreneurship" is a concept which defies definition. It is difficult to find consensus among researchers as to who is an entrepreneur and what is entrepreneurship. Nevertheless, it is relatively easy to identify certain attributes that

characterise most entrepreneurs. Among the three typical versions shown in Table 2, there are considerable overlaps. Gartner (1990) undertook a Delphi survey of leading academic researchers in the field. He received 44 definitions of entrepreneurship in the first round and then, based on these definitions, created a questionnaire that examined 90 attributes that had been suggested by the respondents. From the 90 attributes surveyed, the highest rated attributes are revealing and also given in Table 2. A study by Ray and Wong (1992) replicated Gartner's study in Asia. It found a consistency with the Northern American and European samples upon which Gartner's study was based. While there is no adequate definition for Chinese entrepreneurship, Chinese entrepreneurs could possess certain unique, different attributes, to those of their Western counterparts, it may be assumed that they share some, if not all, of these attributes.

THE LINKS

A simple comparison of the Table 1a and Table 2 produces Table 3 which demonstrates the links between Chinese cultural values and the entrepreneurial attributes determined by Western researchers. Some values coincide completely or in part with the entrepreneurial attributes, some are totally conflicting, and some are obviously missing.

When the entrepreneurial attributes identified by Timmons, et al (1977, 1985) are compared with the Chinese values, seven common values /attributes can be identified, namely (the number indicates the equivalent Chinese values in Table 1a):

- 31 total commitment, determination and *perseverance*,
- 34 *persistence*,
- 48 *integrity* and reliability,
- 54 *low need for status* and power,
- 12 *team builder* hero maker,
- 53 *emotional stability*,
- 51 *high intelligence* and conceptual ability.

By comparison, Hornaday's (1982) produces four common characteristics:

- 33 *perseverance,*
- 31 *diligence,*
- 51 *resourcefulness,* and
- 12 *ability to get along with people.*

and Gibb's (1990) classification produces three

- 40 *moderate risk taking,*
- 31 *hard work,*
- 30 *leadership.*

There is no commonality with Gartner's (1990) classification. This is because Gartner's attributes are mainly about business creation, while Chinese values are more about interpersonal relations and personal cultivation.

In contrast, Chinese cultural values are found to be in direct conflict with the following entrepreneurial attributes:

- 44 *positive response to change* (Hornaday),
- 24 *initiative* (Hornaday, Timmons, Gibb)
- 38 *profit-orientation* (Hornaday),
- 56 *high belief in control of one's own life* (Gibb).

More interestingly, the most mentioned entrepreneurial attributes (*creativity, innovation and flexibility*) are all missing from Chinese cultural values: .

DISCUSSION

In a study of the cultural link with economic growth, Hofstede and Bond (1988) found that Confucian dynamism was strongly associated with economic growth in 22 countries during the period 1965 to 1985. Among these countries, the so-called four dragons -Singapore, Taiwan, South Korea and Hong Kong plus Japan, hold the top five positions in economic growth (measured by average annual GNP growth rate), and number of 8, 2, 4, 1, and 3 in positions for Confucian dynamism, respectively. Given that all those countries are within the Confucian Influence Circle, and their economies have been driven to a large extent, by entrepreneurship in the small and medium sized business sectors, (Japan may be an exception), it is reasonable to link

Confucian values with the entrepreneurial development in the region. Among the five countries, Taiwan, Hong Kong and Singapore are Chinese ethnic and dominated by Chinese cultural values. It is logical to establish links between Chinese cultural values and entrepreneurial attributes. Researchers for a long time have observed that there exists more entrepreneurial behaviour in some cultures or communities than in others (Weber, 1905, Jenkins, 1984 and Ward, 1987). One question which may be asked is whether Chinese cultural values favour entrepreneurial behaviour, or whether entrepreneurship is culturally desirable in China.

From the tentative results shown in Table 3, the answer to the above question is not a simple yes or no. Although some entrepreneurial attributes can be found in the Chinese culture values, the most important ones are either missing or in contradiction. Not surprisingly, Confucian concepts, on which most Chinese values are based, is the value system of a feudal agricultural society, a far cry from that of a capitalist industrial society. It is easy to explain why key entrepreneurial values such as initiative, creativity and innovation are missing from the vocabulary of Chinese values when it is appreciated that in Confucianism the key value is harmony on order. Taking initiative and innovating will be disruptive to the existing order and regarded as a threat to social harmony. Only the one person at the top of the hierarchy, the ruler, the master, or the father in a family is supposed to take authority, though he himself is governed by the mandate from the Heaven. Other members of the society should take a passive attitude towards their role, and do as they are told. The result is a society where each individual knows how to behave in all normal situations and the overall good is being served.

Another fundamental difference between Chinese cultural values and entrepreneurial attributes lies in the fact that the former are mainly guidelines about moral and social norms, about personal cultivation, bearing little relation with business or profit-making activities. The ideal man, or perfect gentleman envisaged by Confucius is,

after all, not a successful entrepreneur, but a scholar bureaucrat. Focusing on governing a state, his teaching strongly rejects making any personal gains and profit. In contrast with the Western tradition which emphasises the importance of mercantilism, Chinese traditional culture has belittled the importance of commercial activities, with businessman being placed on the bottom rung in the Chinese social hierarchy, after workers, peasants, soldiers and students.

It can be concluded, therefore, that Confucian values are basically not supportive of entrepreneurship. But this does not suggest that Chinese values are totally irrelevant to, or not useful for, entrepreneurial development. Those values of interpersonal relations, social (family) orientation, work attitude and personal cultivation hold the key to understanding Chinese organisational structure and human resource management in general, as well as to understanding the business world of overseas Chinese, particularly Chinese family business and the emerging development of entrepreneurship in the mainland China.

CONCLUSION

Cultural explanations of economic success are attractive but vulnerable to the risk of simplified generalisation. Like the role of Protestant ethics for 19th century Western capitalism, Confucian values now have been credited as being responsible for the economic success of the South East Asia. The typical reasoning is as follows:

- cultural factors contribute to the economic miracle in the Far East;
- economic growth is driven by SMEs, thus entrepreneurship plays an important role;
- these countries are under the influence of the Confucian culture;
- Confucian culture contributes to the economic growth and is supportive of entrepreneurship.

It is not difficult to find fault with such reasoning. Cultural factors do contribute to economic activities, nevertheless it is extremely difficult to find out, empirically, how and to what extent (how to measure). Economic activities are influenced by many

factors, culture is only one. When the economies in other Chinese culture areas, Taiwan, Hong Kong and Singapore took off in the 1960s and 1970s, mainland China was in the darkness of Cultural Revolution and its economy was close to bankruptcy. So culture has its limits and culture alone is insufficient to explain. People may say that the Chinese are born entrepreneurs, but the fact remains that Chinese cultural values are generally against key entrepreneurial attributes.

This paper has attempted to explore the link between Chinese cultural values and entrepreneurial attributes. The discussion has focused on the traditional part of Chinese culture, namely Confucianism and traditional values. Further attention needs to be paid to the other two major influences: communist orthodoxy and Western values, on Chinese culture, and particularly to the interplay of all three parts. A full explanation can only be obtained by looking at the Chinese culture as a whole system, rather than at Confucianism alone.

With the emergence of a free-market economy in China, and the development of an entrepreneurial culture, it is important to recognise that many of the attributes and values which epitomise the entrepreneurs in traditional Western capitalist and largely Christian cultural areas may not have universal application and relevance. There is a scope for further, more detailed research and investigation.

Table 1 a. Chinese Cultural Values

National Trait

- 1 Patriotism.
- 2 A sense of cultural superiority.
- 3 Respect for tradition.
- 4* Bearing hardships.
- 5 Knowledge (education).
- 6* Governing by leaders instead of by law.
- 7* Equality / equalitarianism.

Interpersonal Relations

- 8 Trustworthiness.
- 9 Jen-ai /kindness (forgiveness, compassion).
- 10* Li / propriety.
- 11 Tolerance of others.
- 12 Harmony with others.
- 13 Courtesy.
- 14 Humbleness (modesty).
- 15 A close, intimate friend.
- 16 Observation of rites and social rituals.
- 17 Reciprocation of greetings, favours and gifts.
- 18 Repayment of both the good or the evil that another person has caused you.
- 19 Face (protecting, giving, gaining and losing).

Social (Family) Orientation

- 20 Filial piety.
- 21 Chastity in women.
- 22 Loyalty to superiors.
- 23* Deference to age.
- 24* Deference to authority.
- 25 Hierarchical relationships by status and observing this order.
- 26* Conformity /group orientation.
- 27* A sense of belonging.
- 28* Reaching consensus or compromise.
- 29* Avoiding confrontation.
- 30 Benevolent authority.

Work Attitude

- 31 Industry (working hard).
- 32 Commitment.
- 33 Thrift (saving).
- 34 Persistence (perseverance).
- 35 Patience.
- 36 Prudence (carefulness).
- 37 Adaptability.

Business Philosophy

- 38 Non-competition.
- 39* Not guided by profit.
- 40 Moderation, following the middle way.
- 41* Guanxi (personal connection or networking).
- 42* Attaching importance to long-lasting relationship not gains.
- 43 Wealth.
- 44 Resistance to corruption.
- 45 Being conservative.
- 46* Long term orientation.

Personal Traits

- 47* Te (virtue, moral standard)
- 48 Sense of righteousness / Integrity.
- 49 Sincerity.
- 50 Having a sense of shame.
- 51* Wisdom / Resourcefulness.
- 52 Self-cultivation.
- 53 Personal steadiness and stability.
- 54 Keeping oneself disinterested and pure.
- 55 Having few desires.
- 56* Obligation for one's family, and nation.

Attitude Towards Environment

- 57* Fatalism (believing in one's own fate).
- 58 Contentedness with one's position in life.
- 59* Harmony between man and nature.

Source: Those with asterisk are added by the author. Amended and revised from the Chinese Value Survey by the Chinese Culture Connection, *Journal of Cross-cultural Psychology*, 18:2, 1987, p147-148.

Table 2. Entrepreneurial Attributes

Hornaday (1982)	18	Timmons et al (1977, 1985)	19
Self-confidence		Total commitment, determination, and perseverance	
Perseverance, determination		Drive to achieve and grow	
Energy, diligence		Orientation to goals and opportunities	
Resourcefulness		Taking initiative and personal responsibility	
Ability to take calculated risks		Persistence in problem-solving	
Need to achieve		Veridical awareness and a sense of humour	
Creativity		Seeking and using feedback	
Initiative		Internal locus of control	
Flexibility		Tolerance of ambiguity, stress and uncertainty	
Positive response to chances		Calculated risk taking and risk sharing	
Independence		Low need for status and power	
Foresight		Integrity and reliability	
Dynamism, leadership		Decisiveness, urgency and patience	
Ability to get along with people		Dealing with failure	
Responsiveness to suggestions and criticism		Team builder and hero maker	
Profit-orientation		High energy, health and emotional stability	
Perceptiveness		Creativity and innovativeness	
Optimism		High intelligence and conceptual ability	
		Vision and capacity to inspire	
Gibb (1990)	12	Gartner (1990) <i>Highest rated attributes:</i>	7
Initiative		The creation of a new business	
Strong persuasive powers		New venture development	
Moderate rather than high risk-taking ability		The creation of a new business that adds value	
Flexibility		Integrates opportunities with resources to create product or service	
Creativity		Brings resources to bear on a perceived opportunity	
Independence/autonomy		Defines a creative idea and adapts it to a market opportunity	
Problem-solving ability		Innovation	
Need for achievement			
Imagination			
High belief in control of one's own destiny			
Leadership			
Hard work			

Table 3. The Links between Chinese Cultural Values and Entrepreneurial Attributes

	Hornaday	Timmons et al	Gibb	Gartner
<i>Hits</i>	4 (22%)	7 (37%)	3 (25%)	0
	Perseverance	Total commitment, determination, and perseverance	Moderate risk taking	
	Diligence	Persistence	Hard work	
	Resourcefulness	Integrity and reliability	Leadership	
	Ability to get along with people	Low need for status and power Team builder and hero maker		
		Emotional stability		
		High intelligence and conceptual ability		
<i>Conflicting</i>	3	1	2	-
	Positive response to changes	Taking initiative and personal responsibility	High belief in control of one's own life	
	Profit-orientation Initiative		Initiative	
<i>Missing</i>	2	2	2	1
	Creativity	Drive to achieve and grow	Flexibility	Innovation
	Flexibility	Creativity and innovativeness	Creativity	

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