

## SEARCHING FOR THE TAO? REEXAMINING MODERN CHANGES IN ASIAN MANAGEMENT: CHARACTERISTICS AND SIGNIFICANCE

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### ABSTRACT

Management styles are changing everywhere, with the emergence of “globalization.” Recently, Sing Ong Yu published a book, *The Art of Modern Oriental Management*, that compares Chinese, Japanese and Korean styles of management at work as they have been influenced by, and/or as they have cast influence upon, the West, at least arguably. This is cross-influence real? Evidenced by what empirical data, if any? In this paper, the authors will present salient facts, that predicated upon empirical data, gathered through their own participant observation in China, since 2001, in Taiwan since 2008, in Japan and the Republic of Korea, more recently. Four key factors will be addressed: core values, culture, philosophy, religion, studied individually and collectively, considering their impact on delegation and empowerment, expectation of loyalty, MacGregor’s “Theory X” and “Theory Y” and Ouchi’s “Theory Z”, plus competitive collaboration and/or confrontation and sabotage. Management styles change both forward and backwards, for better or worse, creating both value added and value subtracted. Part of this paper will attempt, to identify and articulate the changes evident in Asian and Western leadership styles compared, since Harvard University’s Alfred J. Weatherhead, Jr. Professor Daniel Quinn Mills published an article that has become seminal, “Asian and American Leadership Styles: How They Differ” (2007). Upon the arrival of Kong Tzu (Confucius) at a meeting with Lao Tzu (the founder of Taoism), the “Old Master” asked Kong Tzu: “Have you found the Tao?” That question remains outstanding 2500 years afterwards, particularly in 21<sup>st</sup> century Asian private sector management. What, if anything has been found to better understand where East meets West in leadership or management in the last decade? What characteristics, if any, of Buddhism, Confucianism, Taoism or other ethical, philosophical or religious roots remain core, to modern Asian leadership and management? What “Western” approaches, if any, have become Key Success Factors (KSFs) in Asian business management? What “Eastern” approaches, if any, have become KSFs in Western business management?

**KEYWORDS:** Asian Management, Competitive Collaboration, China, Japan, Korea, Leadership, Tao

### INTRODUCTION

East, meaning Asia, and West, meaning the United States together with the United Kingdom, Canada, Australia, New Zealand, and much of continental Europe, from two distinctive segments of global management, in the early 21<sup>st</sup> century. Chinese culture, typical of Asia, values relationships, tradition and formality, in contrast to American culture, that values individualism, innovation and the ability to improvise (BrainMass, n.d.). Some characteristics overlap, even more are continuously overlapping. Nevertheless, East and West remain separate and distinct in many ways, as this article will show, in terms of leadership characteristics, leadership networks, styles of daily management, managerial assumptions, company objectives, visions of fulfillment (Mills, 2008, 2010). Other characteristics are identifiable and quantifiable,

also, these will suffice, for the present moment. Literature is emerging to compare and contrast management styles, not only East vs. West, but styles within each group (Sing, 2017). This article will draw from the wider literature, but is based in large measure, upon the authors' participant observation, that consists of their experience working separately and together in Asia and Europe across the past 17 years of the 21<sup>st</sup> century. In part, it will draw upon the senior author's experience, in 20<sup>th</sup> century America and the junior author's experience in 20<sup>th</sup> century, China. In both the East and the West, managerial characteristics vary according to company size, meaning that, "Fortune" ranked American firms are managed differently from Small to Medium Size Enterprises (SMEs), much as in China its State Owned Enterprises (SOEs) are managed differently from its SMEs, and in Japan and Korea huge cartels, known as chaebols in Korea or keiretsu in Japan, are managed very differently from SMEs also, with many Japanese Keiretsu having been influenced by W. Edwards Deming, in the early years, following World War II as American-trained managers spearheaded industrial reconstruction, in post-war Japanese industries. Deming's guidance gave Japanese keiretsu companies a competitive advantage.

Regardless of culture, according to Mills, running of an organization effectively requires the following factors:

### **Leadership**

Vision

Energizing

### **Management**

Efficiency

Results

### **Administration**

Rules

Procedures (Mills, 2010)

This means that, these three mega-factors, together with two sub-factors related to each, must be studied in any comparison across cultures: Leadership with energizing vision, Management with efficiency driving results, and Administration regulated by clearly articulated rules and procedures. To this should be added that, regulations should be enforced punctiliously and rendered applicable to everyone. In Asia, these factors seem to be lagging behind the West, although Mills and others, tend to surmise that, some of these factors are present among Asian managers, in forms that seem different to Western managers.

### **Leadership Characteristics**

In Asia, following the blueprint of Confucius at least in part, corporate managers derive status, as managers from their status in their family, within social networks, and/or in government at one level or another. This appears to hold them back as visionaries, because really there is little reward in store, for an Asian manager to be a visionary. In the West, typically, corporate leadership is allocated by private sector boards of directors, who are influenced primarily by the education of management candidates. This means the level of education in part, such as an M.B.A. degree, or its equivalent, and in some respects more importantly, by the qualitative level of education, meaning by the caliber of

university attended. Preference will be given to graduates of Ivy League or “Big Ten” universities, followed by main technical universities and sub-Ivies. Regardless of the exact background of any given Western manager, she/he will feel and will be under pressure to innovate, to transpose vision into action competitively (Mills, 2005).

Western managers tend, not to have important government connections, if any connection to the government at any level at all. Asian managers tend to be well-connected to government, with Chinese SOE managers, being connected to the central government, SME managers having close connections to local government, sometimes having served as local government officials themselves, before resigning to use their influence in the private sector for greater compensation. In fact, Chinese SMEs has been called “Township Enterprises” or “TEs” (Liu, 2009, xiv), because of their close affiliation with local officials. Much of the initial investment required to launch the Chinese TE, comes from the local Communist Party, with an expectation that, TE managers will repay this in kind with contributions, to local party officials. They account for at least 20 percent of China’s industrial output (Liu, 2009, xvi), although functionally they seem to account for more than that.

Much has been written on leadership models of East and West. King and Zhang observed that, (1) since, the middle of the twentieth century, paradigms of leadership have been changing; (2) Western and Chinese concepts of leadership, though historically different, are converging; and (3) leadership should be considered from a holistic, rather than taxonomic perspective” (2014, 1). However, as Bourke cautions (2016), this does not mean that, Eastern and Western leadership models have become identical. They are converging, they have not merged, some have argued the East is becoming less autocratic (Li, 2014). Each remains unique, as Mills (2005) concluded. Leadership styles appear to be driven by cultural variables (Agrawal & Rook, 2014). Considerably less has been written on functions of management, besides leadership, some of which seem to impact leadership. Some publications do address management practices in Asian education, including the need to re-culture universities (Yu, 2017b).

Many publications, that purport to study Asian management have been written by Western authors, who are not entirely competent to address interfacing issues, or at least whose viewpoints differ in many ways, from prevailing Asian points of view. In his book, *Chinese Business: Landscapes and Strategies*, Liu criticize the Western work on Chinese management, noting that, their work tends toward “directly addressing *what* and *how* issues, with less concern about *why*” (Liu, 2009, xiii-xiv), This equation may be extended to include overall comparative managerial approaches: Western managers are less likely than their Asian counterparts, to address *why* issues in their daily operations. The reverse seems to be true, also, that Asian managers will be more reluctant than their Western counterparts, to reach conclusions concerning either *what* or *how* in any operational situation, without first fully grasping *why*. Liu reminds us that, Chinese management is based on philosophical premises, derived from both Confucius and Taoism (Liu, 2009, xiv). However, Liu credits also Sun Tzu (Sun Wu; Changqing, 544-496 B.C.E.), author of the classic book on military strategy, *The Art of War*, particularly its Chapter Seven on military administration (Liu, 2009, 187, n.20), interjecting an association of business administration, with warfare. In addition, Liu grounds modern Chinese business management in China’s “Twenty-four Histories”, that reflect how China changed from c. 3000 B.C.E. Through the 17<sup>th</sup> century Ming Dynasty (Liu, 2009, 4). Most of the “Twenty-four Histories” have yet to be translated into English, although a few have been summarized, recently (Wilkinson, 2012). In the second edition of his book, Liu added chapters on China’s “innovation” (Liu, 2017, Ch. 6) and “the war for talent” (Liu, 2017, Ch. 8), the latter suggesting that, at the present Chinese upper management is trying to redress its gap, with the West in leadership, at least with the hiring process for their subordinates.

In the West, most managers within Fortune ranked companies, have worked at the company across most, if not all of their career pathways, much as United States Secretary of State Rex W. Tillerson worked at Exxon Mobil, usually having been transferred every three to five years from one city to another, as they climbed their career pathway. Some of these managers will become company CEOs, many will not, if they do become a CEO, it is most likely they will head the company at which they began their career, unless they are passed over and leave for a higher position, with a competitor, or are “raided” by a competitor. By way of contrast, Chinese SME managers will find little opportunity to “jump ship.” Essentially, their career pathway will be in their company, or in another company they or someone in their family will find or join as an owner or major shareholder, not with a competitor as in the West, because in Asia there is less opportunity for job mobility as a manager. Paradoxically, in China more opportunity exists for the non-managerial workforce, to migrate from one company to another, sometimes collectively in groups, opposite of the West, where non-managerial workers tend to be “local,” managers “global.”

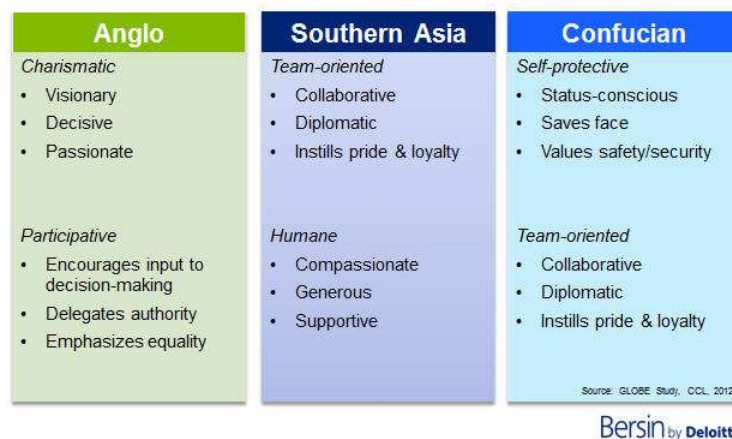
Leadership styles vary with the culture, in which leaders are leading, a concept some have termed “cultural agility” (Bersin, 2014). According to this paradigm, regardless of whether a Western manager or an Asian manager is leading an organization, style invariably will follow the expectations of the local environment. As Figure 1 below reflects, Western managers tend to follow a “rugged individualist” model, although in limited respects Asian managers can be considered as or more individualistic, display similar characteristics to Western managers, in terms of team orientation and humanity, yet will be more status conscious, concerned about face saving, safety and security, pride and loyalty, which in turn translates into being less likely to empower subordinates, delegate authority, emphasise equality by empowerment (Jones, 2013a). Gender continues to preclude equality in Asia and in the West, more so in the former, with very few companies hiring female CEOs or females, to join in upper management circles, an explanation why very few females have been ranked among the best CEOs in the world (Hansen, Ibarra, Peyer, 2013; Jones, 2013b). This has been corroborated in many recent studies. It is evident that, unless more females are included in high level management positions, few can expect to become CEOs, fewer to become listed as being among the top performing CEOs globally. In Asia as in the West, a “glass ceiling” mentality prevents female executives, from rising beyond a certain level in most companies. As of 2015, the percentage of female CEOs in China was 2.5 percent, compared with 3.5 percent in the United States, with male dominance of corporate executive committees being 96 percent in China, compared to nearly the same at 93 percent in Germany, 85, 84, and 80 percent in France, United Kingdom, and United States, respectively (Voyles, 2015). When it comes to workplace chauvinism then, East and West nearly meet.

So what is the “Tao” or the “Way” ahead, for Asia and the West? The core of the answer must be included, inclusion of people within the ranks of management from diverse demographic backgrounds. Core also, perhaps to a lesser extent at least slightly, is an understanding of, with a sensitivity to, the future as being as important as, probably more important than, the present. Such features are present in the West, much more so in Asia, than in the second decade of the 21<sup>st</sup> century. Very important to note is that, Asian SMEs lag behind Western SMEs more so, than does a typical Chinese SOE, Japanese keiretsu or Korean chaebol lag behind a Western company, that is publicly traded. Reasons for this dichotomy are arguable, of course, but paramount seems to be leadership characteristics. In the West, SMEs have effective leadership, evidenced by progressive growth in market share, financial turnover and profit margin. In China, many SMEs lack effective leadership. Managers rely largely upon state subsidies, for company survival. In Asia, government organizations and large companies have effective leadership, more visibly than SMEs does. Western companies are challenged less by ineffective leadership and more, by other factors including over-burdening regulations imposed almost

arbitrarily by governments, more so in the European Community, than in the United States, but in each Western location more so, than in Asia. Chinese risk is increasing, however, because of “complexity and uncertainty,” the former consisting of newly imposed “red tape” in the form of Chinese government regulations, that seem particularly difficult for foreign managers to fathom (Nunlist, 2017b), and the latter caused by rapidly rising business debt, that causes fear of an economic downturn (Nunlist, 2017a). To compete successfully with Asian counterparts, Western companies and their management must formulate what have been called “Modern America” policies, that are “built on a realistic assessment of [America’s] current capabilities”, continuing “open capital flows” required for an open global economy, but reducing United States commitments abroad (Mills & Rosefield, 2009, 8). To continue to compete successfully with the West, Asian companies need to do the same thing, with their managers, formulate a “Modern Asia” set of policies as well. This pendulum swings back and forth in both directions.

### Leadership Styles by Culture

81% of respondents believes leadership styles are local.  
37% of companies believe Asians should lead Asians



**Source:** Bersin, Josh. 2014. “Leadership And Talent Challenges In Asia. It’s Different,” Forbes. 21 Nov. <https://www.forbes.com/sites/joshbersin/2014/11/21/talent-strategies-in-asia-leadership-retention-growth/#483af6234630>

**Figure 1**

Yu Sing Ong credits Confucius with instilling, in the mind of the Asian leader, the concept of *ren*, from which are derived additional notions, such as virtue and social order, used in turn by Asian managers to expect their subordinates to respect hierarchy, because “*Ren* encompasses qualities such as self-discipline, humility, loyalty, courage and trustworthiness” (Yu, 2017a, 3). Thus, follows the “tall” organizations across Asia, in contrast to the “flat” organization popular, currently with Western managers, although Yu points out the seeming contradiction in that Confucius advocated equal education for everyone (Yu, 2017a, 6). Yu draws upon Mencius, also, observing that, Mencius believed human beings to be intrinsically good by nature, sometimes led astray to become bad by society (Yu, 2017a, 4). In this respect, Yu draws a nexus between Mencius and McGregor in the form of the latter’s “Theory Y”, that Yu argues is part of *ziran*, traditional Taoist naturalness. As an example of the interface of Confucius, Taoism and Sun Tzu in modern Chinese management, Yu offers the case of a senior level Chinese executive, who told Yu “he does things by following Confucianism, regulates his personal behavior by following Taoism and formulates strategy by following Sun Tzu (Yu, 2009, xvii). Thus, Yu draws a practical nexus between Confucian and Taoist principles, as they form the foundation of Asian leadership. This Yu continues in self-cultivation, through the Five Constants, known as the *wuchang* (五常)] of

## Confucianism:

- *Ren* (仁), humaneness, benevolence
- *Yi* (义), righteousness, justice;
- *Li* (礼), proper rite
- *Zhi* (智), knowledge, wisdom
- *Xin* (信), integrity (Yu, 2017a, 4-5).

Ultimately, Yu argues, as the leader matures, s/he acquires *Zhi*, a concept Mencius added, because leaders lack knowledge of “external circumstances” before acquisition of *Zhi* (Yu, 2017a, 5), which explains why Asian stakeholders prefer older leaders with experience. Yu draws from Confucius’ concept of *lian* (face), noting that one’s public standing, public image, is essential to good business dealings, that explains why to an Asian manager “face saving” is so essential (Ibid.).

**Leadership Networks**

Asian business leaders require connections to government, without which neither they nor their companies can expect to thrive. This is because, in Asia, especially China, companies continue to exist by the grace of government, and can be put out of business at nearly any time, on one pretext or another. Western business leaders depend upon banking connections more than anything else, because they and their companies are dependent upon access to capital markets, for expansion, particularly sometimes even for daily operations. Presumably, this reason explains why so many Western CEOs come from the finance area. On the contrary, seldom do Chinese SME CEOs have much background in finance, and this explains why so many of them over-reach by investing in real estate attractions, that lack secure foundations. As examples, consider two Zhejiang Province factory owners, each bankrupt from very foreseeable risky real estate ventures that, each should have avoided like the plague. Example one is the owner of a factory, that manufactures sporting machinery, who went almost overnight from owning a thriving business worth multi-millions of USD, to owing banks even more millions of USD, on account of failed real estate “investments” organized by local government officials, as a form of corruption. An explanation for this was offered to the authors, by a friend of this businessman himself, once a local official who left to head a factory in the private sector: “He was stupid: he failed to realise that, in China all property belongs to the Communist Party: “if it wants you to be rich, you will be rich; if it wants you to be broke, you will be broke.” Example two was an advertising executive, who poured millions of USD in earnings into very foreseeable risky real estate ventures, with the same result: local officials pocketed his lost “investment.”

Whereas, the typical Chinese company has a Communist Party member of the Party’s selection, sitting on its board of directors, who can veto almost any corporate decision, Western managers tend to invite prominent bankers or other lenders, such as representatives of insurance companies to sit as members of their board of directors, as a method of improving their access to capital markets. Such non-executive or “outside” directors, typically exercise no unilateral veto powers, with their advice being solicited and sometimes heeded to the extent, the company will benefit from their access to capital markets. Chinese managers rely upon party officials, as an outgrowth of traditional Confucian doctrine (Jones & Liu, 2013; Jones & Liu, 2014).

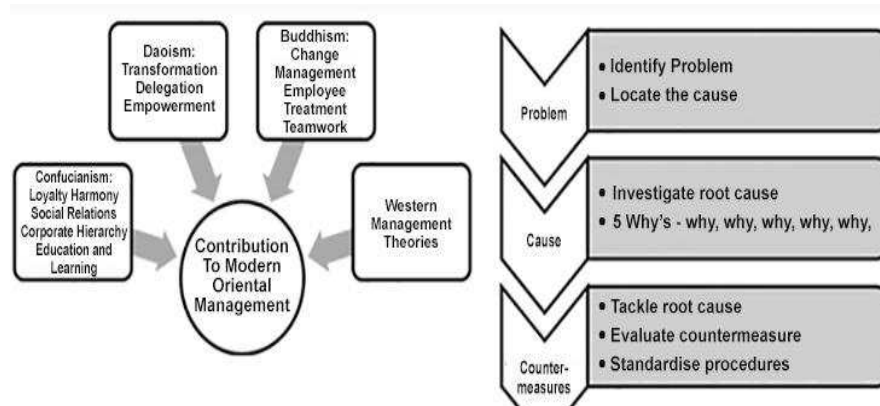
This means in practice that, China and other parts of Asia need to leave some principles behind, among them doctrinaire Confucian principles. Respect for nature and for the environment, fundamental in Taoism, seem to be assets within 21<sup>st</sup> century Asian management circles, more so than among Western managers, evident in the support or lack thereof for protocols ranging from the Kyoto Accord to the Paris Agreement (Kooroshy, 2017).

### Styles of Daily Management

Western managers trained late in the 20<sup>th</sup> century, tend to favour participative management styles, eagerly empowering a cross-section of subordinate managers to take direct responsibility, for the performance of their functional units. Asian managers “micro-manage” incessantly, following a paternalistic approach to management, that takes its roots in early Confucian doctrine. This is easy to confuse with traditional mid-20<sup>th</sup> century Bolshevik doctrine, also, with middle management, preferring to back delegate upward, telling subordinates who have questions to “talk to my boss” in an effort to skirt responsibility for which, they may be blamed in the future, by their supervisor or by others. Yu points to an important admonition from Confucius: “Success depends upon previous preparation, and without such preparation there is sure to be failure” (Yu, 2017a, 7), that overlaps a similar prescience identified by University of Alabama longtime head football coach, Paul “Bear” Bryant: “It’s not the will to win that matters – everyone has that. It’s the will to prepare to win that matters” (Cooper, 2012). Both Asian and Western managers foresee the need for preparation, at least the good ones do. Because, they do not have to depend as much upon shareholder sentiments, Asian managers are in a better position than Western managers to prepare strategies in advance of implementing them. However, they do not seem to be inclined to make needed preparations.

Various perquisites reflect this dichotomy. In Western offices, managers at many levels will enjoy their own office suites, together with the team they lead, these offices and the personnel they house remaining largely independent of higher ranking managers who set policies, then empower their implementation. In the Asian company, frequently there is only one big office, that of the chief executive, frequently a busy gathering spot for other managers to come to take direction from the “boss” on almost every daily matter. Also, this central office is likely to be occupied by relatives of the nominal owner, including his spouse, a sibling, a cousin, or a close friend who also may be a silent investor or lender. Part of the problem is that, in Asia, unlike the West, managers of many SMEs tend to be interrelated in one or more interfaces, such as blood, marriage, friendship (Guang Xi) from outside of the organization, or friendship from official governmental circles. Western managers become friends on the job, of course, anyone does, yet they do not typically advance personal relations, ahead of corporate etiquette, because shareholder and corporate board of directors ethics committees will intervene to preclude this from recurring, once discovered. Western companies tend to have internal regulations, limiting or forbidding nepotism. When the senior author headed the M.B.A. programme, at a principal United States defense contractor, a new chief executive was shocked to find most functional units were managed and staffed by members of the same extended families (“Brown” family in purchasing, “Smith” family in estimating). He changed that swiftly. Asian managers tolerate nepotism, even encourage it, because of the authoritarian Confucian culture, in which they operate, plus the *guang xi* cultural expectation of stakeholders generally. So the opportunity is similar in Asia and the West. Leadership makes the difference.

**Contribution to Modern Oriental Management Toyota’s Problem-Solving Process**



**Source:** Yu, Sing Ong. 2017a, 26. *The Art of Modern Oriental Management: Applying the Chinese, Japanese and Korean Management Styles at Work*. Singapore: World Scientific Publishing Co. Pte. Ltd., Figure 7 [Left], Figure 64 [Right].

**Figure 2: Asian Managerial Sources and Characteristics**

From Figure 2, it is apparent that, Yu Sing Ong recognizes the interface of Confucian, Buddhist and Taoist thought in modern oriental management. From Confucianism, Yu discerns core foundations, such as loyalty and harmony, as they influence social relations, education and learning, leading to a hierarchy based on performance. From Buddhism, Yu discerns the need for managers to recognize and accept change, to respect the workforce as teamwork will yield greater productivity than discord. From Taoism, Yu believes modern Asian management is beginning to understand delegation of work responsibilities, that in turn will lead to empowerment of individual managerial discretion. Yu offers as a case example, Toyota’s problem solving process: identify the problem and locate the cause thereof, only then investigate the root cause and “tackle” it, by evaluating countermeasures thereto, followed by implementation of standardized procedures to make the solution to the problem. This example obviates the Asian mindset, that seeks to answer the question *why* before embarking on a solution to a company problem.

**Managerial Assumptions**

Douglas McGregor’s “Theory X” continues to underlie the managerial assumptions of the Asian manager, whereas his “Theory Y” reflects the more enlightened Western manager, from the last quarter of the 20<sup>th</sup> century onward. William Ouchi’s “Theory Z,” a close follow-up in 1981 to Abraham Maslow’s earlier 1969 “Theory Z” (Maslow, 1970, 28), recommends lifelong employment with managerial concern, for worker wellness and job satisfaction (Ouchi, 1981), factors the Fortune-ranked Western companies have tended to adopt, in the Japanese tradition of keiretsu in the second half of the 20<sup>th</sup> century, but that neither Asian nor Western SMEs have adopted across the board sustainably. That said, Western companies do tend to retain both managerial and non- managerial workers, across a career pathway, so long as the company remains financially healthy. Larger Western companies, particularly those that are traded publicly, tend to have low turnover rates. In China, an enormous source of consternation arises, when a “pied piper” work leader resigns and takes with him many, sometimes hundreds, of workers who show up together for employment, at a competitor company down the street.

Explanations can vary, but one major reason why Asian managers tend to favour “Theory X” is that, they lack an intimate understanding of their workforce, and even more unfortunately, they do not seem to care that, they lack that



understanding. Managers should know workers, by name and by the desires, workers cannot be lumped into bundles, as if they were products on skids or palettes. Western managers began to achieve this improvement, soon after World War II, some 70 years ago presently. Many Asian managers have not reached this sensitivity level at present. Part of this problem is an undesirable turnover rate, among Asian workers much higher than in most of the well-run Western companies, higher than in well-run Asian companies and more noticeable in Taiwan, than elsewhere.

According to Yu Sing Ong, the idea of participative management and employee autonomy, originated with Mencius and derives from Confucian doctrine (Yu, 2017a, 8). If so, then the question becomes just why did this innovation disappear across Asia? Yu credits Laozi and Taoism for articulating the need to achieve balance and harmony, in the workplace (Yu, 2017a, 11), as well as for explaining that, an effective manager's inaction may be more valuable than action, such that, the good manager should step aside and permit subordinates to make their own decisions motivate and empower workers, instead of controlling or micromanaging them (Yu, 2017a, 12). In addition, Yu argues that, Taoism teaches the wisdom of *wuzhi*, or of not knowing, followed by the challenge of resolving *huo* or perplexity, recognizing that, constant change is inevitable (Yu, 2017a, 13) because, things are never absolute (Ibid., 14). Certainly, these are important tools of modern management. Neither author has observed these principles being applied frequently in Asian management, this being in accord with one of the publications; Yu cited (Ibid.) that, contends Taoism is partially responsible for inaction in modern Chinese management because, *wuwei* is "flow," advocating reliance upon the strength of opponents (Xing & Sims, 2011, 106), and as such it is a tool of "self-protection" (108), that turns into "an excuse for failing" (109). When aggregated, such outcomes portray the weaknesses of modern Chinese management, instead of its strengths.

### **Administrative Rules and Procedures**

Eastern companies tend to be run by administrative procedures, imposed by their chief executive. Such rules and procedures can be changed autocratically and erratically, applied unevenly, even be ignored by management. Western companies increasingly follow and feel, they must follow rules and procedures, that have been agreed upon by stakeholders or their representatives and that, once implemented, are expected to be followed punctiliously. From late in the 20<sup>th</sup> century onward, also, government regulations such as those forbidding sexual harassment have emerged, promulgating requirements, that all but the smallest companies have to obey. In Asia, these regulations are non-existent or, to the extent they exist, they are ignored ritually by managers. Asia is more of an unregulated capitalist area, than much of the West, with this being especially true of the People's Republic of China, that is more capitalist than its label "communist" might suggest. As such, regulations are prevalent in parts of Asia, much less than in most parts of the West, with regulations in Europe surpassing those in the United States. That said, China is changing, with that change "complexity and uncertainty" are becoming obstacles to the proper conduct of business (Nunlist, 2017a, 2017b), as discussed previously.

### **Company Objectives**

Asian companies share the "bottom line" with Western companies, to earn a profit. That said, differences do exist beyond that core objective. Western managers tend to be "graded" for future job offers, especially advancement within or outside of their current company, by the percentage increase in profits and/or in market share, and/or in revenue turnover they have secured annually. Each factor is expected to increase annually. In China, state subsidies abound, and generally managers seek to avoid, or at least to minimize losses, with little to no concern for a profit margin, that in turn will be gleaned from subsidies. Informal local "taxation" in China is so exorbitant, sometimes exceeding 69 percent of revenue turnover.

American management guru W. Edwards Deming identified “Fourteen Points”, required for management to be efficient and effective:

- Constancy of purpose toward improvement of product and service, with the aim to become competitive, to stay in business and to provide jobs.
- New economic age. Western management must awaken to the challenge, must learn their responsibilities, and take on leadership for change.
- Stop dependence on inspection to achieve quality. Eliminate the need for massive inspection, by building quality into the product in the first place.
- Stop awarding business on the basis of a price tag. Instead, minimize total cost. Move towards a single supplier for any one item, on a long-term relationship of loyalty and trust.
- Improve constantly and forever the system of production and service, to improve quality and productivity, and thus constantly decrease costs.
- Commence training on the job.
- Initiate leadership. The aim of supervision should be to help people and machines and gadgets, do a better job. Supervision of management is in need of overhaul, as well as supervision of production workers.
- Drive out fear, so that everyone may work effectively for the company.
- Eradicate barriers between departments. People in research, design, sales, and production must work as a team, in order to foresee problems of production and usage, that may be encountered with the product or service.
- Eliminate slogans, exhortations, and targets for the work force asking for zero defects and new levels of productivity... discard work standards (quotas) on the factory floor. Substitute with leadership, eliminate management by objective. Eliminate management by numbers and numerical goals. Instead, substitute with leadership.
- Remove barriers that rob the hourly worker of his right to pride of workmanship. The responsibility of supervisors must be changed from sheer numbers to quality.
- Remove barriers that rob people in management and in engineering of their right to pride of workmanship. Abolish annual or merit
- Institute a vigorous program of education and self-improvement.
- Everybody in the company must work to accomplish the transformation (Deming, 1986, 23-24).

Western companies have adopted most of Deming’s “Fourteen Points,” Eastern companies have yet to do so, with the exception of some Japanese keiretsu that were re-engineered by Deming himself, in the decade following the end of World War II. Constancy of purpose is core to the typical Western company objectives. Only reluctantly will such companies change industries or abandon the original company culture. Chinese companies particularly, other Asian firms also, will change, constancy of purpose whimsically. Quality is not built into Mainland Chinese products, with in-house inspection, failing to catch product flaws most of the time. International buyers are well-advised to hire outside inspection

teams to ensure that, upon delivery and acceptance products meet quality standards. Taiwanese products seem to be manufactured with quality standards across the factory floor, almost as if they adopted Deming's relevant points verbatim. Eastern companies vary considerably, by location primarily, also by experience of management. Products are still sold, based on price in Asia, a practice that flies in Deming's face. More barriers exist in the Asian, than in Western companies, with fear leading the pack of obstacles across Asia.

### **Visions of Fulfillment**

Western managers deem their mission to have been fulfilled by consistently increasing market share, profits, and revenue turn over. Asian managers seek maintenance of the *status quo* as fulfillment, meaning that, their company continues to exist, notwithstanding a myriad of obstacles, including many factors of corruption. Thus, Asian managers, especially in China tend to be focused on the present, in contrast to Western managers who feel compelled to address the future. In Western management circles, it is not good enough to keep the company going transactionally, one must improve it transformationally with documented market share and sales increases, coupled with continuous quality improvement that reflect a competitive edge, within the industry.

### **RELATIONSHIPS: FAMILY, "GUANG XI"**

In Asia, family and "guang xi" or friendship networks control management and managerial decisions. In the West, "nepotism" is frowned upon, with many companies having concrete prohibitions against multiple members of the same family or even couples who are personally involved in continuing to work at the firm. Most companies prohibit anyone who is related to or in a relationship with another from supervising that person: one must go, usually the "junior" partner, frequently that is a woman. In this respect, East and West are very different. What is considered normal and healthy in Asia is considered abnormal and dysfunctional in the West. Part of this dichotomy is because, Asia continues to rely upon traditional Confucian principles (Jones & Liu, 2013; Jones & Liu, 2014).

Western managers must take care, not to give the appearance of favouritism, among other managers, the workforce, or suppliers, and corporate rules tend to be strictly enforced, concerning what rewards a manager may accept from others, whether these be business gifts, business dinners, business junkets. Asian managers on the contrary, tend to expect payment from junior managers, as a condition of being hired or promoted, and will blatantly solicit and accept kickbacks from suppliers without penalty.

### **LEADERSHIP BY DIRECTIVE OR BY PARTICIPATION**

Western managers portray themselves as being sensitive, to participate with a cross-section of other managers and non-managerial workers. An Asian manager, in contrast, tends to impose directives on subordinates at all levels, and expect them to be obeyed without question. This does not mean that, every Western manager is enlightened. Some preach one practice, follow another. In Asia, also, many managers follow the guidance of other key stakeholders, particularly wives, parents, siblings, financial partners who may be investors or creditors. Reality may be opaque or translucent in both the East and the West. However, overt corruption tends to become managerial "baggage" in the West once it is even suspected by co-workers or subordinates. Corruption is rampant with impunity across Asia. In China, for example, local government officials will telephone local business managers, to ask for donations to various causes or organizations, with refusal or prevarication likely to lead to swift imposition of added taxation burdens, or imposition of regulatory investigations or, worse yet, to the dissolution of the company on the pretext of its having violated one local code, or

another such as anti-pollution regulations.

## CONCLUSIONS

Asia lags behind the West, in terms of enlightened management of business corporations, primarily due to its continuous reliance upon Confucian doctrine, spoken or unspoken, and the rigid, authoritarian paradigm that this fosters. Managers must be recruited from more diverse backgrounds, and management must cast more than a glance upon the future, in order for Asia to catch up with the West managerially and in terms of leadership. More diversification of education and experience is desirable for managers in Asia, although that said, of course, be it remembered that, Deming's greatest contribution to the Japanese keiretsu may have been that, managers can cross functional unit boundaries, difficult even currently in the West. Asia can benefit from the West's leadership in terms of empowerment of non-managerial, as well as managerial workers. More clearly articulated, Asia should strive to become less rigid, more relaxed. If it is important, as the authors believe, that managers "find the Tao," arguably this "Tao" means relaxation, movement away from Confucian rigidity, toward greater convergence with the West. Similarly, the West should move closer to Asia on matters important to the natural environment, adopting Taoist principles in practice across industries. Both East and West need to improve inclusion, across all demographic borders, gender, especially, from top to bottom.

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<https://drive.google.com/file/d/0B3KwN8dNrDnZSmNOQUI4dkU4LWc/view>

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