

## The Confucian Asian Cluster

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**Abstract:** The Confucian Asian cluster consists of China, Hong Kong, Japan, Singapore, South Korea, and Taiwan. Confucian tradition countries were defined by achieving a consistent performance in the global economy, they still representing the major competitors in the EU and North American countries. Their progress is defined by a great national management that was able to influence beneficial management systems applied in organizations, these rules characterized by authority; aims to ensure the confidence in business. This article will present the intercultural values characterizing it, the leadership style and also tracing major macroeconomic considerations. The research is synchronic, analysing the contemporary situation of these countries, and the analysis will be interdisciplinary exploratory, identifying specific regional cultural elements.

**Keywords:** Confucianism; performance; economic growth; stability

### 1. Confucianism: the Roots of Asian Culture

Confucianism was founded by Kong Fuzi, who later became known to Europeans through the latinization of the name as Confucius. He died nearly a decade before the birth of the great Greek philosopher Socrates. Confucius led his supporters to accentuate rituals and ceremonies in everyday life, emphasizing the hierarchical structure of society, but only in the Han Dynasty, more than 300 years later since his death his philosophy was accepted.

There are five permanent virtues: ren (benevolence), yi (righteousness), li (decency), zhi (wisdom), xin (faithfulness) and the great importance in his teachings is attributed to class system and obedience (Zhao, 1997). Despite the expectations of submission, there are always some divergences in society, and

when they occur, it tries to avoid extremes by making an appeal to moulding. Confucius believes that extreme ideas would lead the world astray and create Chaos in society, so he urged the population to control their emotions and desires in order to not lose the big picture and the ability to be submitted to their superiors in any circumstances.

Economy and the areal policy:

1. State ownership has an important role in these countries, especially in China, but it also had tremendous importance in the interwar period of Japan where all industrial companies were state owned and although there were a large number of small private business, they have succeeded in these countries to take an international scale immediately after the Second world conflagration.
2. The central planning: together with the present socialism active only in China, the governments of the Confucian Asian countries have copied the very well centralized economic system which still holds sway in the top most companies in this region.
3. The dominance of the Confucian communist parties even during the Cold War, there have been attempts by the USSR to export their system, the relationship between the Central Government and the Commission of the Confucian communist parties existed in this area at each level only for China.

The rapid development of economy in those two and a half decades has brought hundreds of millions out of poverty, making from the Confucian countries strong and confident states. (Chhokar et alli, pp. 881-883)

With the help of the political and economic system of the Confucian countries the Government was responsible for the planning and development of the national economy controlling in many cases the large companies of the area. A large part of governmental devices were placed in handling the economy: in the case of China all the institutions except 10 ministries, commissions, administrations, bureaus, academies, and corporations under the guidance of the State Council were involved in the economic problems. A major goal of the political reform was to reduce the use of direct controls and to increase the role of indirect economy.

Table 1. Significant Values of Cultural Specificity for the Confucianist Cluster

Country	China	Hong Kong	South Korea	Japon	Singapur	Taiwan
Surface (km <sup>2</sup> )	9.600.000	1.104	100.210	377.944	704	36.193
Population (mil.in)	1.300, 000	7	50, 004	127,799	4,3	23,261
Ethnic Structure	Chinese (han) Uighurs, Mongolian, Tibethans	Chinese Filipinos Indonesians	Korean Chinese Japonese	Japonese	Malays Chinese Tamils	Chinese Native groups
Languages	Chinese-over 40,000 characters	Chinese English	Korean	Japonese	Malaya, Chinese, English	Chinese, English
Climate	Variate, with diferences between regions	Tropical-Monsoon	Temperate with precipitations	Temperate in N, subtropical in S	Ecuatorial	Subtropical
Political and Economical specificity	Popular Republic- one party	Special region of China	Presidental republic	Constitutional monarchy	Republic	Republic
Main export partners (%)	USA-20, Hong Kong-12, Japon-8, South Korea, Germany-4	China-52, USA-9, Japon-4	China-24, USA-7, Japon-7	USA-22, China-13, South Korea-7	Malaysia -12, Hong Konk-11, China-10	China-28, Hong Konk -13, USA-11
Main import partners (%)	Japon-12, Hong Kong-10, South Korea-9, Taiwan-7, Taiwan-6	China-44, Japon-8, Taiwan-7, USA-4	China-16, Japon-13, USA-8	China-21, USA-12, South Arabia-5	Malaysia -10, China-10, USA-10	Japon-20, USA-14, China-10
Power distance	80	68	60	54	74	58
Individualism	20	25	18	46	20	17
Masculinity	66	57	39	95	48	45
Uncertainty avoidance	30	29	85	92	8	69
Long/Short term orientation	87	61	100	88	72	93
Indulgence/restrictions	24	17	29	42	46	49

Source: Sistematization (apud) Gavreliuc (2011), Hofstede & Hofstede (2004), Wikipedia. Com, CIA World Factbook

## **2. The Intercultural Particularities of the Asian Cluster**

The score of the Confucian countries in terms of performance orientation was very high, hard work and dedication are greatly appreciated. Just like China, Singapore, Hong Kong and Taiwan had a very high score in terms of performance orientation, and Hong Kong was ranked 3rd in the world in terms of short term competitiveness, but has fallen, and in 2000 reached # 14.

In a society oriented towards results and high performance, students are encouraged to improve increasingly; there is even a tendency to chase after accreditation in the form of certificates, diplomas and university degrees.

These scores indicates that companies in these regions have increased performance and achievements although this may not mean they risk much, they emphasize performance, but not by taking risks. (Chhokar, 2008, p. 957)

## **3. Future Orientation**

Hofstede stated about the Confucian culture that is long-term oriented and compared with other religious societies, the Confucian society has no dominant religion, because people tend to have contradictory principles (Hofstede & Hofstede, 2004). In terms of future-orientation, Hong Kong was ranked 7 and 10, so people tend not to have too much confidence in the future, focusing more on short-term commitments. Investors who have long-term goals are sceptical about the future of Hong Kong, tending to a short-term investment and the collapse of the economy in recent years has deteriorated further the investor's confidence. The score given by the respondents in Singapore shows that society is future oriented (position 1), which is attributed to the Singapore government practices to take future decisions (Chhokar, 2004, p. 956)

### **Assertiveness**

Assertiveness measures the extent to which each individual in society is assertive, dominant and aggressive in social relationships and the Confucian countries being from tradition dominated by men. A woman in Confucian countries needed to be the men's housemaid - "first the father, then the husband and then the son" - and there were long-term disadvantage against women in Confucian countries although literature on male ideology is very rare. (Chhokar, 2004, p. 889)

### **Collectivism**

This measures how each individual is encouraged by the social institutions regarding the integration within larger entities such as large families firms, or village, Hofstede (2004) and others have described Hong Kong as a society oriented to collectivism moderate, with individuals belonging to different social classes. In an overcrowded society like the one of Hong Kong people tend to be individualistic, focusing only on their private life and rarely socialize with their neighbours.

In case of Singapore the government has tried to cultivate a higher degree of collectivism. A study conducted by Chew and Putti revealed that managers in Singapore exploit more the collectivism than the Japanese, and social cultures of Hong Kong and Taiwan seems to move towards an Western individualism. (Chhokar, pp. 956-957)

Because of congestion, children with their sons no longer live in the parental home, but look for housing in the neighbourhood, or attend dinner once or several times a week, in order not to create the sensation of parental abandonment. This is supported by the government, so that families who care for their parents have certain benefits such as the allocation of subsidized housing by the government.

### **Uncertainty Avoidance**

The Confucian thinking has led people to be content with the situation in which “they were playing safe”, thus leading the society to be one with a high intolerance regarding uncertainty.

The Confucian desire to see order in society reflects the anxieties caused by changes experienced by these countries and, although many people now enjoy living a good life and welcome changes, many of them are concerned by the lack of order, wanting more rules and regulations to reduce uncertainties. (Chhokar, p. 891)

As for Hong Kong, it is considered a capitalist country with a free market. In comparison with other countries, it adopts the philosophy of “positive non-intervention”. This can be exemplified by the existence of large firms that are in the early stage. Hong Kong is known as having entrepreneurs who risk a lot, having a speculative attitude. In terms of uncertainty avoidance, Singapore seems to have become very similar to the developed countries of Europe, this reinforcing

the idea that the more the government is involved in the social life of citizens, the more it takes better care of them increasing the uncertainty avoidance value.

#### **Power distance**

Confucian managers have a higher tolerance for inequality and power in society. The influence of Western democracy determined the young people to want equal power, releasing the traditional rules and exaggerated respect towards elders and submission.

However the influence of traditional values is still under way for adults and although their behaviour changed, their values acquired at an early stage of life are still present. (House, et alli, 2004)

#### **4. Leadership in the Confucian Asian Countries**

A good leader must have vision, to be able to look far. The term visionary leadership is new in Confucian society, before decisions belonging entirely to the political aristocracy, but now things have changed.

A good leader has to be opened to new ideas and constantly trying to improve. This quality should not be seen as one, because one of the things that Confucius repeatedly urged his followers was “suffer badly in the learning process.” However, in recent decades in China only the thoughts of Marxist and Mao were encouraged. (Chhokar, p. 898)

Now all managers must have managerial skills as the new structure of society determines people to think individually, and not only do what they are told.

A good leader should initiate the change and be determined to carry it out successfully. The orientation towards change is one of the most important qualities, but when he initiates a leader must be able to carry it to term, because people do not trust those who talk a lot and do not accomplish anything.

A good leader must be human. As shown in the GLOBE study, the quality of being human is very important because leaders are seen as the businessmen of Confucius by this statement indicating the presence of goodwill and kindness.

A good leader knows what is good for the Confucian person while learning from the West. From the moment the reforms have taken place in these countries it has significantly supported that the country should learn Western philosophies

regarding management, increasing the modernization process, even if not everything that works for others may work for them, thing that was later established, leading to the conclusion that it is necessary to keep various Confucian features.

### **5. Political and Economic Considerations of Countries in the Confucian Cluster**

China. With millenary history, China is one of the most prosperous economies world-wide, being one of the few countries that managed to have a financial upward throughout the economic crisis. Dominated by the influence of the Chinese Communist Party, China has succeeded after the Mao era to adopt a new economic strategy internationally competitive, its legal system gradually abandoning the Soviet canon, easily approaching the European enshrined values. In 2010, China became the largest global exporter (CIA World Factbook), appearing new reforms on price liberalization, decentralization, gradual increase of company's autonomy, diversification of the bank system and flourishing the private sector which inevitably led to increased foreign investment. A dominant principle in Chinese management is the collective leadership, which involves group decision making, group responsibility, group rewards and optimizing group work. (Burdus, 2006, p. 390)

Japan, after World War II started to become a major international economic power, the main weakness of this country being the agricultural sector even if it is heavily protected by the state, has still imported over 60% of the internal consumption (though Japan has the largest fleet of marine fisheries, with catches of 15% of the world total). Government incentives have stimulated an economic growth in 2009 and 2010, but the economy fell again in 2011 when it took place a massive earthquake in March with a magnitude of 9.0.

A first specific element which is the basis of the behaviour and Japanese management is the so-called "AMAE" designating a specific state and mutual dependency that exists between the components of any organization. Interpersonal relations based on AMAE requires a certain emotional attachment so that the addict has a specific behaviour, avoiding taking individual responsibility in undertaking its own actions, waiting for the chief whom which depends on to take initiative and protect him. Psychologically, most Japanese have two families: one at home, the

classical, the other being the community in which is integrated within the company. Both are of critical importance to them, forming a balanced universe in which their life is carried. (Nicorescu, 2006, p. 176)

South Korea gained its independence from Japan immediately after the end of World War II, after this historic moment the Korean Peninsula being divided between North Korea (supported by the Soviet and Chinese) and South Korea has benefited all this time from the support of the United States. If until 1960 the GDP of South Korea was the same with the poorest countries in Africa and Asia, in 2004 this country was situated among the top 20 global economies, the main advantages being a young and dynamic population, an inflexible labour market and an export that brings 50% of the GDP. South Korean management is characterized by a centralized and formal structure of companies, (decisions are taken only after it met a whole ritual of formal approvals). The management style typical of the Korean society is called K-type management. Its defining features are: top to bottom decision making, paternalistic style of management, and predisposition to harmony (inhwa), staff dedication to the company, assessing seniority first and then the results, safety for employees of a lifetime workplace. (Burdus, 2006, p. 342)

Hong Kong occupied by the British Empire in 1841 was returned to China on 1 July 1941, China promising that it will adopt the strategy: one country, two systems, its socialist economy not being required here, Hong Kong is enjoying the full autonomy over a period of 50 years, except in foreign and defence policy. Hong Kong has a free market economy and the integration with China has brought unexpected extra capital through trade, tourism and new financial partnerships.

Singapore was founded by the British in 1819 and became one of the most prosperous countries, with a GDP equal to that of the richest European countries. The economy depends heavily on exports, particularly electronics, the country managing to attract powerful fund in the pharmaceutical and information field. The particularities of the companies in Singapore are strictly determined by close personal ties (Guanxi), membership of a particular group implies obligation and responsibility. Management in Singapore, after the remarks of L. C. Chang, is characterized by cultural fluidity because foreign values and practices are adopted within organizations, talking about a multicultural context management in Singapore. (Burdus, 2006, p. 356)

Taiwan was separated from China after the communist victory, when 2 million Nationalists in 1949 retreated here building their own state. This country has a



strong capitalist economy based on international trade and investment that consistently conforms to the realities of the global market. Mainly are exported electronics, cars, petrochemicals, its heavy dependence on exports being strongly felt in recent years due to international fluctuations.

## **6. Conclusions**

Since ancient times this region has been a cradle of culture, arts and sciences, but in the eighteenth and nineteenth century and the first half of the twentieth century this were countries affected by social crises, armed rebellions and European colonialism which have stalled their natural process of development. After the World War II most countries in the area were oriented towards market economy, the standard of life of the population and the international credibility of these countries increased considerably. All these countries are currently enjoying a steady growth and unprecedented international integration, becoming leaders in many hi-tech sectors.

The countries in this cluster were ranked in the last year among the top economies (China second and Japan third place), even if the other economies in the area gave strong signs of recession due to the global crisis.

The Eastern mentality generated by (Hinduism, Buddhism, etc.) differ from the West (Judaism, Christianity, Islam), by the fact that the last, are based on the revealed truth accessible only to true believers. The Confucian Eastern countries offer different ways through which a person can improve. The Western concept of truth is based on the following axiom: if A is true then B which objects A must be false. The logic of Asian countries has no such axiom, and B can be just as real, important being the creation of symbiosis between the two postulates. The Asian countries can adapt different philosophical systems and the Confucian ethics with the non-religion character can adapt to any contemporary challenges. In contrast with the West ethical rules tend to derive from religion: Virtue of Truthfulness. (Hofstede, 2010, p. 159)

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