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A Chinese style of HRM: exploring the ancient texts

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Abstract

Purpose – The purpose of this paper is to explore the relevant sayings and stories of the ancient Chinese sages in relation to the style of Chinese human resource management (HRM).

Design/methodology/approach – Related texts generated from the quotations and stories from four Chinese sages, Guanzi, Hanfeizi, Xunzi and Yanzi, were translated and analyzed and their thinking regarding ruling the state and managing the people was discussed in line with the thoughts from the mainstream and modern Western management gurus such as Warren Bennis, Peter Drucker, Mary Parker Follett, Douglas McGregor, Rosabeth Moss Kanter, Elton Mayo and Jeffrey Pfeffer.

Findings – It was found that there were striking similarities in thoughts and call for actions to address key issues in HRM by both old and contemporary, east and west thinkers across 2,500 years. The main concerns are to select the right leaders and managers and recruit the right people; create attractive organisational culture and environments that promote a participative management approach to encourage, empower and engage employees to achieve desirable outcomes; uphold the people-centred management principles; and focus on designing reward schemes that emphasise service and contribution instead of position and profits.

Originality/value – There is much to be learned from the past to address the present people management issues among modern organisations both inside China and perhaps from other parts of the world. It was as difficult to take seriously the principles-based ruling and management approaches in ancient times as it is today. However, if these principles had been put into practice, the world would have had fewer of the corporate corruption scandals and less of the mischievous behaviour in the state that are manifested in today's society, but more productive population, effective organisations, ethical governments and harmonious environment; hence less global human suffering.

Introduction

At a time when the economic recession is still rippling around the world as a result of the 2008 credit crunch, and the global business community is searching for alternative survival models (Cappelli, 2009), eyes have turned to the East, looking for solutions (Khanna, 2009).
Even though China is also being badly affected by the global economic downturn, its pervasive state control and well-built up financial reserves have not only buttressed its own economic development but allowed it to play a role in restoring sanity to the global financial system. Domestically, for the past 30 years since its open-door economic policy was implemented in 1978, China has shown the world a level of resilience in coping with the various challenges in managing its economic system. Stiglitz and Yusuf (2001) have claimed that China's rapid rise to become one of the world dominant economic powers in this century is a miracle.

We argue that such a miracle, if miracle it is, does not happen overnight. Rather the underlying human wisdom passed on through generations over the 2,500-years of Chinese history may have contributed to developing distinctive ways of managing people and systems inside China, though these people management principles are yet to be fully recognised globally (see Zheng and Lamond, 2009). We speculate that there are distinctive people management approaches that may have enabled China to work against the odds in the modern changing era, and to move out of recent crises, such as the 1997 Asian Financial Crisis and the recent global recession, more readily than its western counterparts.

In this paper, we explore the human factors – the roots of Chinese-style management, using the sayings and stories of ancient Chinese sages. We then compare the ancient texts with the writings of respected Western management scholars. We find striking (and surprising) similarities in the thoughts and calls for action between ancient eastern and contemporary western thinkers across 2,500 years. We conclude that if these ancient and modern management thoughts had been put into practice more widely, the world may have had to deal with fewer corporate corruption scandals and dysfunctional state behaviours. Rather, we may have been witnesses to more productive populations, more effective organisations, more ethical governments and a more harmonious environment, with a consequent reduction in global human suffering. We note, en passant, that many of the ancient sayings to which we refer were directed to the proper way of ruling the state, and often addressed to kings and lords. Nonetheless, the people principles contained in these sayings and stories have been passed on through generation after generation and now appear in contemporary Chinese organisational settings. Accordingly, we draw on these sayings in the same way the insights presented in Il Principe (The Prince) by Niccolò Machiavelli (see Skinner and Price, 1988) have been used to inform discussions of various aspects of management.

Ancient Chinese sages speaking about people management

Notwithstanding the hundreds of masters (zhu zi bai jia Fixed graphic 1) bred in the periods of Spring and Autumn (chun qiu, Fixed graphic 2 ca. 770-476 BC) and the Warring States (zhan guo, Fixed graphic 3 ca. 475-221 BC), discussion about ancient Chinese philosophy and thinking in western management literature has been predominantly on the work of Kongzi (Fixed graphic 4 Confucius) in Analects (Lunyu Fixed graphic 5) and Sunzi or Sun Tze (Fixed graphic 6) in The Art of War (Bingfa Fixed graphic 7, focusing on strategy). We do not reflect on Kongzi or Sunzi, whose works have been thoroughly dissected in other places (see Foo, 2008, 2009). Rather, our focus is largely on people or human resource management (HRM), and on other sages such as Guanzi, Hanfeizi, Xunzi and Yanzi[1] (Fixed graphic 8), to whom much less attention has been paid. Their thoughts, on inspection, appear to parallel those of
such modern management gurus as Warren Bennis (Bennis and Nanus, 1985; Bennis and Thomas, 2002), Peter Drucker (1954, 1967), Mary Parker Follett (Graham, 1994; Shafritz et al., 2005), Douglas McGregor (1960, 2006), Rosabeth Moss Kanter (1983), Elton Mayo (1933, 1949) and Jeffrey Pfeffer (1998). In this section, we compare passages from each of the selected Chinese sages with mainstream western management thinking.

Since this special issue focuses on HRM in China, it is important to clearly define “HRM”. Stone (2008) observes that “HRM is management, but management is more than HRM … HRM is that part of management dealing directly with people” (p. 5), the art of getting things done through empowering people not “power over people” (see Mary Parker Follett, cited in Kennedy, 2007, p. 75). Specifically, HRM refers to the policies, practices and systems that are set at the firm level to influence individual employees' behaviour, attitude and performance (De Cieri et al., 2008, p. 4). The essence of HRM appears to recognise the importance of people or human resources as compared to the firm's financial and physical resources, and to treat the contribution of individual employees as the key to the organisational success.

Such a view is not dissimilar to that expressed by Guanzi (Fixed graphic 9) (ca. 728-645 BC), prime minister to the King of Qi for 40 years in the Spring and Autumn period. Guanzi saw each individual as a drop of water, together forming a great ocean. People, like water, can both easily carry and sink the boat (zai zhou fu zhou Fixed graphic 10) and so must be managed properly. He said to the King of Qi:

If the king’s decree is incongruous, the effect of its cultivation will vanish and the country will decline. If the official acts incongruously, the people will be unable to live. And if the people cannot live, they will run away (Guanzi, Zhou He Fixed graphic 11).

Loving the people, benefiting the people, providing for the people and stabilising the people (ai zhi, li zhi, yi zhi, an zhi Fixed graphic 12) are four aspects of ruling. The king will rule the country successfully if these principles are adopted (Guanzi, Shu Yan Fixed graphic 13).

The sea does not reject the water, so it can form the ocean. The mountain does not reject the soil and stones, so it can become the high mountain. The wise king does not reject the people, so his country can become a great country (Guanzi, Xing Shi Jie Fixed graphic 14).

The people will be upset if they are deprived of their interests. They will be happy if they are offered privileges. This is the human nature. The ancient holy kings knew this rule, so they manifested the appearance of offering privileges and concealed the essence of obtaining the interests from the people (Guanzi, Qing Zhong Yi Fixed graphic 15).

In the last quote we hear echoes of Karen Legge's (1995) criticism of the rhetoric versus the reality of HRM. The ancient rulers knew about the duality of achieving their own goal of ruling and satisfying the people on whom their kingdoms were based. It is clearly seen that managing people is at the heart of ruling, and the kings knew well that the people would be willing to work for them, suffer for them, go through dangers and even die for them if the kings met the needs of people and made them happy (Guanzi, Mu Ming Fixed graphic 16).

Nevertheless, they were also very clear that “the best method of winning people’s hearts is to benefit the people. The best method of benefiting people is to guide the people in the right direction” (Guanzi, Wu Fu Fixed graphic 17). How to guide the people in the right
direction? There must be certain rules and regulations – law and decree – and these law and regulations must be so consistent that the people can follow without confusion. As Guanzi advised the King of Qi:

If the penalty is strict and impartial, the decree will be implemented and the officials of all ranks will fear the law; if the penalty is not strict and impartial, the decree will not be implemented and the officials of all ranks will neglect their duties. Therefore, the bright king has perceived the key of administrating the people and there is nothing more important than the decree (Guanzi, Zhong Ling Fixed graphic 18).

When models of human resource management are compared, differences arise, related to the notion of employees as “valued assets”. Legge (1994, pp. 17-18) used Storey’s (1992) idea of the hard versus soft versions of HRM to delineate the distinction. In essence, the soft version focuses on the “human” in human resource, while the hard version of HRM emphasises the “resource”. Two quite distinct approaches to HRM emerge – HRM as “strategic interventions designed to elicit commitment and to develop resourceful humans” [soft] and HRM as “strategic interventions designed to secure full utilisation of labour resources” [hard] (Storey, 1992, p. 27).

The hard stresses the rational, quantitative and strategic aspects of managing human resources, and appears to be based on the Theory X described by McGregor (1960), where people are assumed to need “a mixture of carrot and stick” and “direction and control” via certain guidelines to perform. The highlight of hard HRM is performance management and improvement of competitive advantage via close integration of the organisation’s business strategy (direction) and HRM policies and guidelines. Soft HRM, on the other hand, can be seen to be based on the concept of McGregor’s Theory Y, whereby people are treated as capable and proactive beings who look for achievement and responsibility (see McGregor, 2006, p.344). The emphasis of soft HRM is still on the integration of HRM policies with strategic business objectives, but recognises that performance and competitive advantage is achieved by “employees with superior know-how, commitment, job satisfaction, adaptability and motivation” (Stone, 2008, p. 7). The soft approach advocates the “best” people should be appropriately chosen and positioned, and then subsequently supported with training and development, encouraged and motivated by collaboration and participation, and bestowed with trust and informed choice. Both approaches had their supporters among the ancient Chinese masters.

For example, Guanzi was very instrumental in advising his king on how to manage his officials. “The king must examine the officials by the law and decree according to their positions and achievements” (Guanzi, Jun Chen Shang Fixed graphic 19). Here the clear measurement using ‘the law and decree’ (policies and regulations per se at the firm level) is emphasised in judging officials’ performance. If the officials were doing right, they should be “awarded with lofty honours and promoted by offering important positions – these are the way to deal with officials according to their abilities” (carrot) (Guanzi, Chi Mi Fixed graphic 20). However, severe punishment would be the result if officials did not perform, as such “the people will not complain if the officials who make mistakes are punished with the shame of being dismissed from their posts and being put to death” (stick) (Guanzi, Jun Chen Shang Fixed graphic 21). We have seen this principle applied right up to current times, with the removal (and worse) of corrupt officials in the Chinese public sector and of managers from the state-owned companies.
A similarly instrumental view in managing officials was expressed by the legalistic ancient
guru Hanfeizi (Fixed graphic 22, ca. 280-233 BC). He advocated consistency in designing and
implementing the law and regulation, and appointment of officials according to their
abilities and contributions made to the country instead of using the soft side of reasoning;
further, rewards and punishment should be executed so that people would be fearful to
obey the law and regulations. These views are reflected in the following Hanfeizi maxims:

Rewards should be generous and real, so people will desire for it; punishment should be severe and executed
so people will be fearful. The law and regulations must be consistent and stable for people to understand
(Hanfeizi, Wu Du Fixed graphic 23).

Appointing officials according to the contribution, the common people will have less talk; appointing officials
according to the speech of kind-heartedness and righteousness, the common people will advocate empty talks
(Hanfeizi, Chi Ling Fixed graphic 24).

The superficial contributions according to the regulations of reward are difficult to identify. The mistakes
covered up by beautiful reasoning are difficult to discern. Therefore, reward and punishment are likely to be
confused by the inconsistent conditions (Hanfeizi, Zhi Fen Fixed graphic 25).

In contrast with this instrumental view of HRM, Yanzi (Fixed graphic 26) (ca. 590-500 BC)
took a humanistic approach, when speaking about managing people, as seen in his story-
telling illustrated below. Yanzi emphasised treating people with benevolence and advocated
the participative approach to encourage, empower and engage people to serve the common
purpose of the state ("organisation" per se in the context of management), in the same way
that Follett (Graham, 1994) and Kanter (1983) have done more latterly. Among the sages
selected here for review, Yanzi was the one who talked most about managing people. In the
following, we organise his stories into five sub-sections according to some key HRM
concepts described in the recent textbooks (e.g. Stone, 2008; De Cieri et al., 2008; Compton
et al., 2009): job-person fit, recruitment and selection, employer of choice, reward
principles and participative management.

**Job-person fit**

In the HR literature, it is recognised that the job-person fit is important, as it creates
congruence between personal and organisational goals and motivates employees to perform.
Hence, in the process of recruitment and selection, the critical aspect is the prior job analysis
and job design that ensures the organisation seek the right people with right skills to do
variety of tasks (Compton et al., 2009). This idea of making sure that people are properly
fitted to their tasks and jobs was expressed in the conversation between Yanzi and the Lord
Jing (Fixed graphic 27). The story goes like this:

One day, the Lord Jing asked Yanzi: “in the ancient times, how did the rulers rule their
countries and manage their people?"

Yanzi answered: “the land or soil has different components, yet nurtures the same plant. It is
quite impossible to ask for the same outcome of the plant in such varieties of soil or land.
Similarly, people's abilities are different, if you ask them to do the same job, it is impossible
that all will do well. Therefore, it would be unwise to ask people to do many tasks. A wise
king neither appoints obsequious men close to himself nor selects people likely to fraternise
to pursue self interest. He is able to accommodate subordinates' merits and shortcomings and
encourage them to work on the things they are good at, not to impose them to do things that they are not capable of doing. These are the basic principles for recruitment and selection” (Yanzi, Volume 3, Nei Pian Wen Shang No. 3 Fixed graphic 28).

**Recruitment and selection**

One of the people management practices of successful organisations identified by Pfeffer (1998) is “selective hiring”. The message is that if the organisation does not recruit and select the right people, compatible with the organisational culture, the whole organisation will collapse. This is reflected again in Yanzi’s thinking, though not as directly as in Pfeffer’s (1998) criticism of the thousands of American companies that boast “people are our greatest asset” without actively engaging in strategic, selective hiring. Yanzi, when questioned by the Lord Jing about “what is the main concern when dealing with state administration?”, tactfully replied that “my key concern is not able to judge what is good and bad”. The Lord Jing persisted: “then what methods could be used to judge what is good and bad?” Yanzi was thereafter more direct to say: “carefully choose and select the personnel”. Why? “Because when people working nearby by you are good, then all would be able to work properly according to their abilities in their respective positions. Judging good and bad will be then easier”.

Confucius, when hearing about Yanzi’s story, commented: “That is really true! Good people in the position, bad people can’t be selected to be officials, but if bad people are in the position, then there would be no chance to get the right people into the royal court!” (Yanzi, Volume 4, Nei Pian Wen Xia No. 4 Fixed graphic 29).

On another occasion, the Lord Jing questioned Yanzi: “how to choose the good people?” Yanzi answered: “according to his speech (communication per se), his prior actions, his knowledge about how to rule and manage the country. You may first respect these people and get close to them and observe without losing the etiquette between you as a King and them. By this approach, you will get the right and best people. Therefore, a wise King, even though establishing less positions, can get his people to do most work. When you select the men, never look for their superficial beauty outside but check whether they are good at working on the practical matters, and whether they ever say what is unnecessary and do what is unlawful”. (Yanzi, Volume 3, Nei Pian Wen Shang No. 3 Fixed graphic 30).

It is quite clear that Yanzi knew the importance of setting the selection criteria and used a number of selection techniques, such as observation, assessing past and present work experiences, practical skills and relevant knowledge, and checking references, etc. to get the right people (Stone, 2008; Compton *et al*., 2009). The ancient recruitment and selection approaches were just as “modern” as today’s HRM practices.

**Employer of choice – attraction and retention**

The periods of Spring and Autumn and Warring States bred perhaps the most scholars and able men in the Chinese history. Yet each state was still fighting the so-called “war for talent” as we see today when organisations are facing skill shortages (Zheng *et al*., 2008). Many kings of the different states enquired about an effective approach to get the best people for the country’s service and there was great discussion on how to become a
“kingdom of choice” as many able men and scholars could freely choose to go wherever
they wanted to go (in much the same way as our modern high skilled knowledgeable
Generation Y workers are choosing to do).

On one of those occasions, the King of Wu met with Yanzi and asked: “On what conditions
would one consider working for the country? And on what conditions would one consider
leaving?” Yanzi answered: “I have heard that one would work for the country whereby
people in that country work according to their positions, regardless whether they are close
to or away from the King. High officials are committed and loyal. There are no complaints
from the grassroots. Punishments are not harsh. Under these conditions, people would stick
to the principle-based king and enjoy work in the peaceful and stable country. On the
contrary, if people nearby or far away can not carry out their respective duties, and officials
are not loyal with many complaints about piled up administrative files (‘workload issues’ in
the modern setting), together with heavy punitive actions, one should consider leaving the
country. Clever men will neither love high pay under cruel rulers nor high position in the
disorderly country.” (Yanzi, Volume 4, Nei Pian Wen Xia No. 4 Fixed graphic 31).

Reading this story, there are two points for reflection. One is that the “kingdom of choice”
was not much different from our current discussion of “employer of choice”, whereby
people felt happy and satisfied with their work conditions; there was also a strong
leadership based on principles instead of cronyism; and less grievance in the workplace (see
De Cieri et al., 2008, p. 37).

Second, it was emphasised that “clever” and “capable” men would not work for monetary
incentive or even for status if the state (or organisation) was neither orderly nor engaged
with people or had bad reputation. The idea was very much in line with Elton Mayo’s (1933)
human relations management theory where the roots of work satisfaction were identified
as non-economic and connected to other factors such as people being valued and feeling
cohesive within their groups in the society. A similar view was expressed by Xunzi (Fixed
graphic 32, ca. 298-238 BC), “Even when the ancient virtuous men were in poverty without
enough to eat and without proper clothes to wear, they would not accept the improper
promotion or the improper salary” (Xunzi, Da Lue Fixed graphic 33).

Reward principles

Kanter (1983) in her book The Change Masters: Corporate Entrepreneurs at Work,
emphasised that rewards need to link more to contribution than to position or status. This
principle was upheld by Yanzi illustrated in another story below.

The Lord Jing happily invited a few subordinates and wanted to reward those he liked. Three
persons were rewarded 10,000, five awarded 1,000. When the order of the rewards came to
the palace accountant, he refused to pay. The Lord Jing was so angry that he ordered the
dismissal of accountant, but the order was not carried out by the official in charge of
dismissal. The king was very upset.

Yanzi came to see the Lord Jing who complained to him: “I am the king of this land; I should
be able to grant benefits to someone whom I like and distance myself from someone I
dislike. Now I like someone but cannot give benefits and dislike someone, yet cannot distance myself from. This is really out of the steps as a king?”

Yanzi said: “I have heard if the Lord acts justly, his subordinates will obey but if the Lord goes astray, the subordinates will betray. Now you reward those obsequious officials and order the subordinates to obey, this is what I would call ‘the king goes out of his normal steps’ and loses his principles because he forces his subordinates to do things beyond their duties. The late kings established the rules of rewarding certain people because by doing so people are encouraged to do good; and set the rules of punishment for the sake of eliminating people to do harm … People were then rewarded because of the good they did to the country not to the kings themselves, and the kings liked them; they were punished because of the bad they did to the country so the kings disliked them. Therefore, when the rules of likes and dislikes were clarified, many good people emerged and bad people extinguished. The country was in peace, people were united and lived in harmony. On the contrary, when your precedent king loved those who were submissive to them, rather than the country and hated those who disobeyed him, the rules of likes and dislikes were set based on different principles, then many vicious men appeared and so did virtuous men extinguish. People were homeless and the country was in edge of destruction …” (Yanzi, Volume 1, Nei Pian Jian Shang No. 1 Fixed graphic 34).

It is clear that Yanzi's principle of reward was based on people’s contribution made to the country not on their position per se or how close they were to the king – the idea advocated by Kanter (1983) and others subsequently (see De Cieri et al., 2008; Stone, 2008). Similar to one of Pfeffer’s (1998) people-management practices, higher than average pay must be justified by how it links to organisational performance. If employees make no contribution to achieve organisational objectives, they should not be rewarded.

**Participative management**

Participation in decision making and communication between management and workers are two sides of the coin in the concept of participative management. One key insight attached to the Hawthorne experiments by Mayo (1949) was the vital importance of management-worker communication, on the basis of the dramatic increases of productivity when the researchers discussed the changes with workers before they were put into effect. Similarly, Kanter (1983) argued that the key to a corporate renaissance was “participative management” or empowering and encouraging employees to become a true organisational citizen, fully aware of their rights and responsibilities in the democratic environment. To do so, there must be certain mechanism made available so that individuals can channel and contribute their ideas to (Kanter, 1983). In this regard, Yanzi appears to be at one with Follet (Graham, 1994), Mayo (1933, 1949), and Kanter (1983) who promoted democratic participation, not only in politics and the society, but also in business organisation. Yanzi expressed in the following story how important it is to provide channels for people to air their views freely and to exchange ideas between the King and his men.

This was one of very rare occasions Yanzi put the question to the Lord Jing: “when you hold the meeting, do you make it orderly and serious as in the dignified or stately manner?” The Lord Jing retorted: “isn't it good to hold the orderly and serious meeting?” For this, Yanzi
replied: “if you hold every meeting seriously and orderly, your subordinates will dare not speak. If no voice comes from your subordinates, you will not be able to hear good suggestions. If subordinates do not speak, I call this ‘mute’, if the king could not hear the voices, I call this ‘deaf’. The country full of mute and deaf people, what good would they do to the country?

Furthermore, the barn is filled up with small things one by one, and the curtain is knitted by small threads. The majestic Mount Tai is not made of one single stone, but many small stones. Managing the country requires not just one view but many views. There might be a time and it is reasonable to hear the suggestion but not implement it. However, I've never heard anyone refusing to hear different views.” (Yanzi, Volume 4, Nei Pian Wen Xia No. 4 Fixed graphic 35).

Hearing the “different views” is what Follett (Graham, 1994) called the creative possibilities of conflict, which should be used to work for us not against us. Yanzi understood that, to manage a country well, free thinking should be promoted to generate different views. When a country (or an organisation) is represented by only one voice, the days to its doom are numbered. Beenen and Pinto (2009) recently recounted that one of the reasons contributing to the fall of Enron was the autocratic leadership style by its then CEO Jeff Skilling, whose corrupt practices continued for a number of years without being questioned. Employees' views were ignored. In fact those employees who did question the practices were punished by being either fired or transferred to less significant posts in the organisation (Beenen and Pinto, 2009). Long before the fall of the major corporates in the USA in the early 2000s, Warren Bennis stressed the importance for managers and leaders not only to do things right but do the right thing. To Bennis, a good manager/leader must listen to his men and learn from the people he leads (Bennis and Nanus, 1985). How similar thoughts these are to that of Yanzi!

On another occasion, Yanzi was feeling really sad to see a very eloquent and well-known man named Min zi-wu (Fixed graphic 36) who was not able to speak properly in front of him, an authoritative figure. Min came from another country to seek employment under Yanzi. Perhaps because of his nervousness, or given his strong accent from another state, he was mumbling, even though Yanzi smiled and showed a friendly face to encourage Min to speak out his views, for Yanzi had already known that Min was the most capable man in his own state. Confronted by such an experience, Yanzi knew that there would be more able men in the country who simply could not overcome the fear of authority to speak freely, and that their valuable views would be buried without notice. Asked by his disciple why he was so sad, Yanzi answered: “I would rather be Min’s student to hear what he said than be in this position of authority. How could I be honoured while losing all ideas and views from these able men who are still living, not to mention those who were already dead?” (Yanzi, Volume 5, Nei Pian Zha Shang No. 5 Fixed graphic 37).

Here we see Yanzi not only aware of the importance of hearing different views but also encouraging participation of people from different backgrounds, speaking even with different accents! He appears to have been advocating both participative management and a management that was inclusive of diversity. Yanzi was sufficiently humble to be willing to learn from his subordinates, an attitude of humility in a leader that Bennis summarises in
terms of “the more vulnerable I am to my people, the more I can influence them ...” (Bennis and Nanus, 1985, p. 34). Yanzi’s thinking, of the benefits of breaking down the barriers of status, is another precursor of the principle of best people management practices of successful organisations advocated by Pfeffer (1998), whereby ‘an egalitarian attitude to status in the organisation’ must be promoted.

Speaking about other aspects of management by gurus

Reading from a selective number of writing and saying by the ancient Chinese sages, as compared with modern western management gurus' thinking, it is found that the key concern of ruling the country and managing the people in ancient times was little different from running modern business organisations, whereby wise kings or managers/leaders must trust and empower followers and effectively share their vision with the people they manage and lead (see Yanzi, cited in Chen, 2007). Warren Bennis stressed the importance of leaders being able to translate their vision into proper words so their followers can understand and be joined by the emotional glue of “trust” that “binds followers and leaders together” (Bennis and Thomas, 2002, pp. 136-7). Kanter also perceived the individual human dimension within the organisations, warned the dangers for organisations to become more “mean” than “lean” and stressed the importance of overcoming this by sharing values in the corporation (Kanter, 1983). Peter Drucker (1954, cited in Kennedy, 2007, p. 59) went even further to speak about management as a social art, requiring good communication with, and regard for, the people working in the organisation.

It appears that ancient and modern management thinkers are agreed that if the people/employees are not doing well, the responsibility is squarely on the shoulders of the leaders/management. As Guanzi said: “the world is not afraid of having no virtuous and talented officials, but afraid that there is no virtuous king to appoint them; the world is not afraid of having no wealth, but afraid that there is no smart person to manage it” (Guanzi, 
Mu Ming Fixed graphic 38). More latterly, Douglas McGregor observed that “there are no bad troops, only bad officers” (McGregor, 1960, cited in Kennedy, 2007, p. 180). The question remaining then, is who can be a good manager/leader?

One might remember Socrates’ argument that “good managers of a family would also be good generals” (cited in Shafritz et al., 2005, p. 35). Zengzi (Fixed graphic 39), one of 72 disciples of Confucius in Great Learning (Fixed graphic 40) shared this view, arguing that “before being able to rule a state, one needs to manage his own family well” (zhi guo bi xian qi qi jia Fixed graphic 41) (Confucius and Mencius, 2006, p. 180)[2]. Differences in the two views lie only in the focus – while Socrates spoke about similar managerial tasks shared by a household manager and an Athenian army general, Confucius and his disciples were more concerned about the personal qualities of the rulers of the state.

Developing the person qualities as managers and leaders of the organisation has perhaps been less emphasised in the west than in China. Responding to an interview Rosabeth Moss Kanter suggested that future leaders should be “probably more Confucian than cowboy.” otherwise, “things could get worse before they get better” (Crainer, 2003, p. 51). Here Kanter might have referred to developing personal qualities of integrity and responsibility as leaders and managers, at a time when America was facing a number of corporate collapses
due to the greed of top managerial teams. Bennis also emphasised the need for an “integrated self” before leadership qualities can emerge (see Bennis and Thomas, 2002). Drucker, being most visionary in his view of management, said two decades earlier before the recent corporate scandals and financial crises that “contrary to the approach to the study of political and social organisation that has prevailed in the West since Machiavelli, I stressed all along that organisation does not deal with power but with responsibility ... the business organisation, as any organisation, is a human, a social, indeed a moral phenomenon. Customer service rather than profits should dominate management thinking.” (Drucker, 1967, cited in Kennedy, 2007, p. 67). Perhaps if more attention had been paid to these words and saying from both east and west, we might not have seen the fall of companies such as Enron and world.com, or even the economic maelstrom of recent times.

The world was perhaps as much in a state of flux in the Spring and Autumn period as it is today, prompting Shu xiang, one of Yanzi's students to ask, “the world is in disorder, violating the law of the universe; kings have gone astray, not act according to the ethical standards. Under such circumstances, if one acts in integrity or keep principles, one may lose people; but if acting unethically to keep people, one may lose principles. Should I keep principles and lose people or should I keep people and forfeit principles?” Yanzi answered: “I have heard that he who upholds human dignity for those at the lowest position and keeps integrity under the worse circumstances treats people as the foundation of all things. Therefore, if you want to keep people, how could you lose the principles, and if you keep the principles, how could you lose people – in fact, people will flock to you?” (Yanzi, Volume 4, Nei Pian Wen Xia No. 4 Fixed graphic 42).

The message is that there need not be conflict between people and principles, or people and performance but, there will be problems if there is a violation of human relations. Commenting in 1973 about Elton Mayo's work, Peter Drucker observed that “the human relations prescription, though rarely practised, remains the classic formula” (cited in Kennedy, 2007, p. 194). These views contrast with the current circumstances of the Western economies whereby the interests of a few have been supported by the involuntarily sacrifices of millions of taxpayers, through their government representatives. Similarly, one might also argue that China's three decades of economic reforms can also be understood as benefiting mostly those in positions of power, rather than the masses, even though many were lifted out of poverty (Yuan, 2008).

**Discussion and conclusion**

Surveying the sayings and stories from the ancient Chinese sages, we have identified a number of philosophies and thinking that are clearly consistent with modern approaches to people management. There is every reason to believe that, just as ancient thoughts about selecting quality people as employees, managers and leaders, emphasising reward principles, participative management and recruitment and retention strategies, and using both hard and soft HRM approaches have informed contemporary Western organisational practices, so they also inform contemporary Chinese institutions. The time has come to conduct the further empirical studies to clarify these practices and build a Chinese theory of HRM (see Barney and Zhang, 2009).
We have also noticed, through close examination of these ancient thoughts against some of the writings by the mainstream western management gurus, that the call for recognising and valuing individual contributions to business organisations and the wider society is not dissimilar across 2,500 years of human history. At the same time, it appears to be just as difficult to get modern managers in industrial organisations to implement sound management theories and translate them into practice as it was to get kings to listen to the wise advice of the Chinese ancient sages. In a recent issue of *Academy of Management Perspectives*, a number of authors (e.g. Cappelli, 2009; Whitley, 2009; Guillen and Garcia-Canal, 2009) argued that the dominant American business management model (representing the West) has been tarnished by the recent events of an effectively collapsed financial system and the subsequent worldwide economic recession. Learning from the successful experiments in the East, largely represented by China and India, may provide alternative or complementary models to sustain organisations in the ever-changing world (Khanna, 2009). The question is what kind of models could the West learn and adopt?

Is there a Chinese theory about management, linked to the ancient thoughts and practiced extensively at the Chinese firm level? If there is, it has neither been recognised nor fully developed (Barney and Zhang, 2009). Our ambition for future research is to expose and develop such a theory using some variables collected from our survey of the ancient texts, and test these variables in the Chinese organisational settings. The theory can only stand when it is scientifically tested.

Professor Huang (2008), from the Chinese Academy of Social Sciences, has recently proposed a He-He (Fixed graphic 43) Model (the first “He” here means “harmony”, the 2nd “He” means “Unity”), or the direct translation to “a harmoniously unifying management model”. Huang’s (2008) proposed model is based on the ancient Chinese philosophers’ thinking that emphasises benevolence, harmony and unity to help ruling the state. We have noted the similarities of the insights linked to leading the state, on the one hand, and managing the enterprise on the other. But Huang’s (2008) model remains to be tested to determine whether, at least in the Western research tradition, it can be said to be robust. Until a valid model is developed from China, what could be learnt from the East?

As the world has become more integrated, the transfer of knowledge via advanced technology and diffusion of management thinking and practices via mobility of students, scholars and business practitioners is getting faster and easier. There are indeed benefits to learning from the East, in the same way as the East has learned from the West in the past decades. Even in the domain of HRM, there appears a greater accumulation of evidence about convergent practices among the eastern and western organisations (e.g. Chen et al., 2005). Nevertheless, we might need to be ever more aware that, just as many good practices have been promoted and adopted, bad practices could also easily have been implemented. For example, much has been made in the UK media (see, for example, Alford, 2009) about the “bonus” culture underlying reward systems in the financial services sector and its role in the high risk loans and other commercial decision-making that presaged the current global financial crisis. Therefore, the key perhaps is not about how much what we could learn from each other but how well we can unite and use what we learn to promote the wellbeing of the people, of organisations and of society as a whole.
For HRM, it is indeed an ever more challenging task to balance the needs of adding value and enhancing organisational performance and the needs of upholding ethical standards and caring for employees and their families and communities. On the other hand, to do so may not be as difficult as one would imagine if Xunzi's words were to be considered:

People are not as strong as cattle, nor as quick as horses, but cattle and horses are all used by human. Why? Because people can unite ... (but be aware that) good and bad people have the same natural disposition and intelligence. The liking of benefits and loathing of shame are the common interests for both gentlemen and villains. Their ways of seeking are different ... (words in bracket were added, the rest from Xunzi, Rong Ru Fixed graphic 44).

It is to be hoped that scholars and practitioners are able to use the knowledge gathered from the East and West to further build a modern Chinese style of HRM as companies in general, and Chinese companies in particular, go global in this century.
宙合
Fixed graphic 11

爱之利之益之安之
Fixed graphic 12

枢言
Fixed graphic 13

形势解
Fixed graphic 14

轻重乙
Fixed graphic 15

牧民
Fixed graphic 16

五辅
Fixed graphic 17

重令
Fixed graphic 18

君臣上
Fixed graphic 19

侈靡
Fixed graphic 20

君臣上
Fixed graphic 21

韩非子
Fixed graphic 22

五蠹
Fixed graphic 23

饰令
Fixed graphic 24
制分
*Fixed graphic 25*

晏子
*Fixed graphic 26*

齐景公
*Fixed graphic 27*

内篇上第三
*Fixed graphic 28*

内篇下第四
*Fixed graphic 29*

内篇上第三
*Fixed graphic 30*

内篇下第四
*Fixed graphic 31*

荀子
*Fixed graphic 32*

大略
*Fixed graphic 33*

内篇上第一
*Fixed graphic 34*

内篇下第四
*Fixed graphic 35*

穆子午
*Fixed graphic 36*

内篇杂上第五
*Fixed graphic 37*

牧民
*Fixed graphic 38*
Notes

1. Zi used in ancient Chinese means “Teacher or Master”.
2. Four books cover Analects (Lun Yu), Mencius (Meng Zi), Great Learning (Da Xue) and
   Doctrine of the Mean (Zhong Yong); Five classics are Psalms (Shi Jing), History (Shang
   Shu), Rituals (Li Ji), Changes (Zhou Yi) and Spring and Autumn (Chun Qiu).

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