Complexities of Confucian Entrepreneurs: Narratives of Transnational Chinese Scholar Entrepreneurs

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Abstract
Confucian philosophies and wisdom as well as their application to daily routines have aroused global interests (Young & Corzine, 2004). The emergence of transnational Chinese scholar entrepreneurs is still underpinned by the concept of Confucian entrepreneurs. This study investigates the construction and transformation of traditional concepts of Confucian entrepreneurs and proposes a working model of contemporary transnational Chinese scholar entrepreneurs. Two cases selected from a TV talk show – Fortune Time, in Shanghai China were used to demonstrate the keys to being successful contemporary scholar entrepreneurs in both local and global businesses. It was found that culture and language, capitals and resources, governance and politics, and entrepreneurship and creativity are four significant features in the construction of contemporary transnational scholar entrepreneurs. They are good practitioners in balancing the relationship between scholarship and entrepreneurship, which facilitates them to achieve optimal social and economic profits in their businesses.

Key words: Confucian entrepreneurs, scholar entrepreneurs, scholarship, entrepreneurship, transnational

1. Introduction
With the rapid economic development in China, there have emerged many scholar entrepreneurs conducting businesses in both local and global contexts. These entrepreneurs have received higher education and have
successfully transformed their knowledge to manufacturing or business management. They have had Chinese educational backgrounds as well as cross-cultural/sino-west living or learning experiences. Additionally, they have a global perspective and a willingness to cross the border for business ventures. Such entrepreneurship could be underpinned by the concept of Confucian entrepreneurs. However, traditional principles of Confucian entrepreneurs are not able to well explain the emergence of these scholar entrepreneurs.

This study examined the construction and transformation of traditional ideas of Confucian entrepreneurs and developed a new model for researching and understanding contemporary Confucian entrepreneurs, particularly in the transnational context. There is a necessity to combine traditional Confucian ideas with today’s commercial economic management and business activities to interpret contemporary Confucian entrepreneurs. The convergence of Chinese and western cultures may have influenced the traditional notions and expectations of Confucian scholar entrepreneurs. It is worth investigating the process of transformation through which the whole notion of Confucian scholar entrepreneurs may have changed or been appropriated to be agreeable to the transnational or multinational nature of business and cultural interaction. The key research questions investigated in the study include:

1) What are the salient features of the emerging Confucian scholar entrepreneurs in the transnational context?

2) What kind of model can be developed to research transnational Confucian scholar entrepreneurs?

2. Confucianism and Confucian entrepreneurs

Confucianism, originally developed from the teachings of the earliest Chinese philosopher Confucius (551–479BC) (Yao, 2000), is a Chinese ethical and philosophical system that focuses on human morality and good deeds (Guo, 2009). It advocates an equal dialogue between yi (righteousness) and li (profitableness) (Cheung & King, 2004) and has long been cited as the dominant culture in China by Chinese scholars (Lam, Paltiel & Shannon, 1994). Confucianism is a complex system of moral, social, political, philosophical, and quasi-religious thought imposing tremendous influence on the history of Chinese civilization up to the 21st century, and it is an important part of traditional Chinese culture and an essential factor of Chinese spiritual modality as well (Guo, 2009). In the meantime, the West is currently experiencing a surge in the popularity of Confucian philosophies and wisdom as well as their application to everyday life (Young & Corzine, 2004).

The notion ‘Confucian entrepreneur’ has existed at least 500 years, but it began to arouse people’s interests only from the 1980s (Pan, Wang & Pan, 2004). Though Confucianism is hostile to entrepreneurship (Lam et al., 1994), it has played a core role in the study of Confucian entrepreneurs as it initially meant intellectuals and has served as a set of political ideas practiced within a hierarchy of ethical obligations to family and community (Zurndorfer, 2004). Confucian entrepreneurs are different from entrepreneurs in the common sense because they have good educational backgrounds and harbour the moral values of Confucianism in managing their manufacturing or business firms (Cheung & King, 2004). For example, Confucius’ disciple Ci Duanmu (520–456BC), Yuanshan Jing (1841–1903) and Ka-shing Li (1928–) are known as Confucian entrepreneurs. These entrepreneurs received good education and well applied their knowledge as well as moral precepts to managing business and exploring opportunities and challenges in the commercial field. In addition, contemporary Confucian entrepreneurs need to have a global perspective and creative abilities with good competence in foreign languages and computers (Pan et al., 2004).
3. Literature review

There has been a growing body of literature derived from research on Confucian beliefs and methods and their practice of entrepreneurship and management (Cheung & King, 2004; Fang, 2010; Kirby & Fan, 1995; Lam, Paltiel & Shannon, 1994; Luo, 1997; Luo & Chen, 1996; Young & Corzine, 2004). Drori, Honig and Wright (2009) and Terjesen and Elam (2009) have indicated that it is essential to consider cultural factors in studying entrepreneurship, especially in transnational entrepreneurship. As Confucianism is regarded as the dominant culture in China, its impact in researching Confucian entrepreneurs cannot be neglected. Fang (2010) and Lam, Paltiel and Shannon (1994) have specified that a Confucian culture influences or reinforces economic development or business activities. Being different from Weber’s (1964) assumption that Confucianism is hostile to entrepreneurship, it was found that a Confucian culture could effectively guide entrepreneurs to find a balance between yi and li, and promote the development of economy and society.

Confucian values and ideals have appeared to be linked to business and management in different aspects (Young & Corzine, 2004). Confucian sages of Ancient China behaved as businessmen because they were frequently engaged in political, military, or administrative activities, and tried to seek position, power as well as property at proper times (Rudnicki, 1998). For example, one of Confucian values – guanxi, which is used to secure personal favors in business activities, is sure to have impacts on business strategies (Luo, 1997; Luo & Chen, 1996). Yet, Kirby and Fan (1995) have highlighted that not all entrepreneurial qualities coincide with Confucian values; some are missing or conflict with Confucian values.

Young and Corzine (2004) examined relationships involving Confucian values and ideals in contemporary entrepreneurs as well as the application of Confucian and Neo-Confucian learning practices. It was found that contemporary entrepreneurs, particular those who intended to manage growing enterprises in the competing world, could acquire huge benefits from Confucian self-cultivation learning processes and outcomes. The effective Confucian entrepreneurial learning could facilitate entrepreneurs to efficiently operate and manage their businesses in globally competitive environments. It appears that putting moral percepts into practice has become a central issue in business ethics.

Moral commitment and profit consideration go hand in hand in business activities (Cheung & King, 2004). Entrepreneurs need to make moral choices in order to work out a proper balance between the moral force and the material force. Cheung and King (2004) have found that Confucian entrepreneurs self-consciously distinguish between moral and immoral or meaningful and non-meaningful practices, and profit-making activities only happen within the boundaries of their moral beliefs. There is no doubt that material gain is certain to influence entrepreneurs’ moral principles. However, Confucian entrepreneurs normally stick to the life course they believe righteous and meaningful.

Previous literatures on Confucian entrepreneurs have indicated the core role of Confucian morals and values in researching entrepreneurship and management. Studies focused on examining the factors as culture, guanxi, li and yi in business management, but there was no research cared about how entrepreneurs achieved in the transnational contexts. Being a transnational entrepreneur requires more abilities than an ordinary entrepreneur, such as bilingualism, international social networks, and ability to perceive new business opportunities (Terjesen & Elam, 2009), which can facilitate the development and transference of resources and people across communities and significantly contribute to the local and international economic development (Drori, et al., 2009; Girma, Greenaway & Kneller, 2004).

In addition, more influential factors need to be considered in researching contemporary Chinese scholar entrepreneurs as they have combined educational backgrounds and are involved in both local and global businesses. Also, they have financial and policy support from the government. Thus, this study aimed to fill the gaps of past studies and figure out a working model for contemporary transnational Chinese scholar entrepreneurs well explaining their success in the business.
4. Research method
This study investigated two cases from a TV talk show in Shanghai China. The talk show – *Fortune Time*, which started in 2001 and managed by Shanghai Media Group, is the first large financial figures talk show in Shanghai. It provides a platform for national or international famous entrepreneurs to share their experiences and ideas with common people by sticking to the values of truth, fairness and objectiveness. From 2001 to 2008, nearly 400 national or international well-known entrepreneurs, for example, Mr Guowei Cao – CEO and Chairman of the Board of SINA Corporation, and Ms Xuelan Yang (Shirley Young) – once served as the only Chinese Vice President of General Motors Corporation, were interviewed in the show. In 2008, 70 cases were selected by Jiong Lu, Producer of the show, and the related interview data were published in the book *Fortune Time – Seventy People in Seven Years* by Shanghai BaiJia Publishing House. Every word spoken by the interviewer and interviewees during the interviews was loyally taken down. As all the interview records were in Chinese, a ‘back translation’ approach (Brislin, 1970), that is, translating from Chinese to English, and back to Chinese, was used to ensure the reliability of the data. All records were translated by professional translators to maintain validity as much as possible.

Most previous studies only focused on the impact of Confucian culture on entrepreneurs, and failed to explore other factors influenced the performance of Chinese Confucian entrepreneurs, particular in transnational businesses. This study used the cases of Mr Yanhong Li, and Mr Guoqing Li and Ms Yu Yu to demonstrate the success of contemporary scholar entrepreneurs in local and global businesses. The collected data from two cases were presented, analysed and discussed according to their various salient features, for example, scholarship and entrepreneurship, culture and language, capitals and resources, and governance and policies, which have to be considered in developing a working research model of transnational Confucian scholar entrepreneurs.

5. Results and discussion
5.1. Personal profile, scholarship and entrepreneurship
Case 1
Mr Yanhong Li is the Chairman of the Board and CEO of Baidu Network Technology Co. Ltd. He got his BS degree from Peking University and was awarded Master’s Degree in Computer Science by University at Buffalo The State University of New York. During his stay in the US, Yanhong had served as Senior Consultant of IDD Information Services and Engineer of Infoseek, a pioneer in the Internet search engine industry. He created ‘link analysis’ technology that was awarded a patent by the US and has been globally used by the Internet search engine industry. Yanhong founded Baidu in Beijing in 1999, and it became the world famous Chinese language Internet search engine corporation within three years’ time.

Case 2

It was found that entrepreneurs involved in these two cases were well educated and had overseas education or working experiences. Different from common entrepreneurs, they had more rational thinking instead of blind investment before starting their businesses. For example, Yanhong did research on the Internet search engine industry and concluded:
“…Internet search engines, such as Yahoo, Infoseek, Excite, Lycos, Alta Vista and Inktomi, did quite well at their early stages. However, they began to share their focus on other aspects, and, finally, lost their places in the search engine.”

As a scholar showing great enthusiasm in the Internet search engine, Yanhong chose to develop a Chinese language search engine as the only task of his business. His concentration on one area ensured his success in the business. Also, Yu had studied the book selling mode in China and indicated:

“…it is not convenient to buy books in bookstores in China. You cannot easily find the book you want, and may feel suffered when you queue to pay…”

After researching the model of Amazon book selling, Guoqing and Yu came to a realisation that online book selling would be popular in China in the 21st century. As both of them had experience in publication, they decided to be engaged in developing a book selling website in China. These entrepreneurs take advantage of their academic backgrounds when exploring business opportunities in their career development, which recalls Zuckerberg’s (2013) point, one of the co-founders of the Facebook, that today’s economy is primarily based on knowledge and ideas.

It was noted that the success of scholar entrepreneurs was largely due to the effective transference of their knowledge to business manufacture and management. As a patent owner and expert in computer science, Yanhong took advantage of his academic achievements by applying his knowledge to develop a China-based Internet search engine that offers good services for Chinese language users. In the other case, Guoqing’s professional analysis to the society and Yu’s expert advice on business management ensured the successful establishment and smooth running of DANG. The knowledge transferring process, which is impossible to be achieved by common entrepreneurs, produced a large amount of profits that affirmed the success of these entrepreneurs in the business world. In other words, their successful application of creativities to the business ensures their achievements.

To these scholar entrepreneurs, the scholar identity is an indispensable part in their identity construction. Doing research and achieving self-ideal have become daily routines in their career development. Additionally, the transnational study or working experiences let them obtain bilingual and bicultural abilities that enable them to better utilize advantages of different cultures to acquire maximum profits, particularly in transnational businesses. It appears that culture and language have great impacts on the development of contemporary scholar entrepreneurs.

5.2. Culture and language

Culture and language are tightly interwoven (Ahearn, 2001) and can help people become communicatively competent in social interactions. As one form of social interactions, business dealings are certain to be affected by culture and language, especially in the transnational business communication. The influence of the Chinese culture on the development of beliefs and values of entrepreneurs in this study cannot be neglected as they were born and educated till they completed their first degrees in China. Yu indicated:

“I do not think it is inappropriate to run a family business. My husband, Guoqing Li, and I are partners in business and life. I feel uncomfortable if I took a higher position over him. That’s the reason why we prefer to use the title co-CEO, which indicates the equal relations between us.”

It was noted that the traditional Chinese culture, especially the dominant culture Confucianism, had impacts on Yu. Confucianism advocates that a wife should offer full support to a husband in both his career development and family life. With the development of the society, females have walked out of the family life and taken up jobs in a variety of fields after marriage. Due to the influence of traditional Confucian culture, many of them still believe that it is important for them to balance the relationship between their jobs and families, and they cannot have higher career positions than their husbands. It was obvious that Yu belonged to this group. Guoqing added:
“…When DANG was established, all the investment came from overseas. Yu had her international social networks…”

It came to a realization that Yu played a decisive role in DANG’s transnational business. She has developed combinations of business activities across multiple countries and regions, which reflects as an important feature of a transnational entrepreneur (Yeung, 2002). Being entitled co-CEO was not too much to her. In the other case, Yanhong indicated in the interview:

“…my enthusiasm to the Internet search engine has never changed…it can change people’s daily life and even the society…No matter how fast the outside real world is changing, our team sticks to our beliefs and tries to complete our jobs in a perfect way.”

Instead of earning high profits, achieving personal dream and ideal has become Yanhong’s major task in his business running. Different from common entrepreneurs, who put pursuing profits in the first place, Confucian practices emphasize a self-cultivation and self-realization process of entrepreneurs in conducting businesses (Yao, 2000; Young & Corzine, 2004). That means achieving high profits is not the only task for scholar entrepreneurs. They are more likely to seek the righteousness rather than profitableness in their business. For example, Yanhong intended to develop a search engine to make people’s life easy, while Guoqing and Yu planned to work out a time-saving and convenient book retailing method for customers. This finding recalls one Confucian principle: Cultivate yourself in times of difficulty; contribute to the world when you are successful, which could be utilized to the related research in Confucian heritage contexts (Shen & Yuan, 2013).

As a scholar entrepreneur brought up and received higher education in China, Yanhong has unavoidably influenced by traditional Confucianism in his values formation process. He regarded his business as the channel of achieving his scholarship and life goals. The same practice also happened to Guoqing and Yu. There is no doubt that the traditional Confucian culture affects the performance of scholar entrepreneurs who were brought up and educated in China.

On the other hand, as all entrepreneurs in this study had transnational business practices, their intercultural abilities cannot be neglected. Language plays the most important role in intercultural interactions because communication is impossible without language. Both Guoqing and Yu highlighted the importance of English in China. Guoqing said:

“The transnational communication required a large amount of foreign language talents upon the request of the reform and opening policy in China. Even the English major university students were easy to find part-time jobs in 1980s.”

“As an English major student, I started my first part-time job in the third year of the university.” Yu added.

It could be inferred that Yu’s high English language competence ensured her to complete an MBA degree and operate a company in the US. Meanwhile, culture is inserted into language as an intangible, all-pervasive and highly variable force (Crozet & Liddicoat, 1999; Liddicoat, Papademetre, Scarino & Kohler, 2003). Understanding the culture of the target language is helpful for the language users to apply their language knowledge in appropriate situations. Transnational entrepreneurs are required to pay special attention to the various cultural and knowledge schemas (Giddens, 1984) to handle socioeconomic resources. Yu’s study and working experiences in the US let her acquire a better knowledge of culture, which made preparations for the establishment and development of DANG in the global businesses.

As for Yanhong, he was a graduate of The State University of New York and had worked in the US for several years, which ensured him to obtain a strong bilingual language competence. Additionally, his life experiences told us a totally different US from that we had imagined: American computer students work desperately, devoting all their time to studying in the computer lab. Though working at Wall Street appears to be elegant, it might limit people’s creativity. While working at Silicon Valley enables people to use their
wisdom and creativity to change the world and realize their ideals. The language competence as well as the cultural knowledge is certain to benefit him in his transnational business management. These findings have affirmed that good language competence, strong communities and abilities to interact with multiple cultures enable transnational scholar entrepreneurs to readily perceive entrepreneurial opportunities for goods and services in the global businesses (Terjesen & Elam, 2009).

5.3. Capitals and resources
Capital investments are indispensable in the establishment and operation of enterprises. A large amount of money has to be used to manufacture and run the company, particular to the development of new products and the market enhancement. Guoqing indicated:
“…DANG has got a large amount of investment from overseas, which is used to run the company and expand markets.”

It is agreed that strong capitals can secure the long-term sustainable development of a company, particularly in breakthrough discoveries in scientific research that benefits the public (Zuckerberg, 2013). As the important role capitals have played in the enterprise operation, different investors are essential resources that companies depend on.

Also, various relations – guanxi, one of Confucian values, as another form of resources influence business activities (Luo & Chen, 1996). Yu indicated:
“…Guoqing has rich resources in the publication industry. Many presidents and editors-in-chief of large publishing houses are his friends. He has a big social network…That is the reason why we started DANG with book selling.”

It appears that Guoqing is a good practitioner in dealing with various relationships in the publication industry, which, to a great extent, assures the smooth running of DANG. A successful Confucian entrepreneur is able to well employ various guanxi to explore more entrepreneurial opportunities for goods and services, especially to those involving in transnational businesses. As transnational entrepreneurs, Yu’s international social networks have brought great contributions to the global business development of their enterprises.

In addition, human capitals and resources have played more and more important roles in contemporary enterprises, especially to those high technology companies. For instance, Yanhong and his team are the invaluable human capitals to Baidu. Baidu’s initial working team was consisted of eight employees, including Yanhong himself. Only one of them left to further his study overseas, and the rest seven are still working at Baidu. Baidu is continuing recruiting employees, but never dismisses an employee. The stable employee group guarantees the long-term development of the company. It is acknowledged that the talented people with higher education are the most important resources in a knowledge economy (Zuckerberg, 2013). Meanwhile, the creativities of these scholar entrepreneurs cannot be neglected. For example, Guoqing and Yu intended to set up “China Amazon”, and Yanhong aimed at developing a Chinese brand Internet search engine.

The development and management of contemporary transnational companies require high-level professionals as these companies transfer intellectual properties to manufacturing and are involved in global businesses. Only people with related professional academic backgrounds are qualified for such practices. Those who have not received higher education and have not got academic knowledge are not able to conduct knowledge transference in the business, let alone expanding their businesses globally. It could be concluded that human capitals and resources, to a large extent, have decisive roles to the success of contemporary transnational enterprises.
5.4. Governance and policies
As all business activities occur in the society, the role of the government and its policies cannot be ignored. The purpose of a government is to secure the “welfare of the population, the improvement of its condition, the increase of its wealth, longevity, health, etcetera” (Foucault, 1991, p.100). Good governance and policies can assure the steady rapid development of the society (Li, 2007). Due to Mr Hongyan Li’s outstanding contributions to the IT industry in China, he was awarded various national honorary titles by the Chinese Government, for example, China’s Top Ten Entrepreneurial Newcomers in 2001, China’s Top Ten IT Talents in 2002, and Zhong Guan Cun Outstanding Entrepreneurs in 2003.

It appears that the Chinese Government pays close attention to knowledge transfer enterprises, and encourages scholars to devote their academic achievements to manufacturing. There is no doubt that the government policies and governance have played a key role in facilitating entrepreneurs’ success in businesses, particularly in the Confucian heritage countries, such as China.

Chinese government has issued a variety of programs, for example, Thousand Talent Program, to attract outstanding overseas academics to work or set up their own enterprises in China. A series of favourable policies are applied in these programs to assist academic returnees to settle down and start their careers. Compared with western countries, Chinese government authorities are more centralized, which, to some degree, more effectively provides unified governance to the society. Those scholar entrepreneurs can experience more support locally and nationally in China than that in western countries. There is no doubt that a government’s welcoming policies, for instance, an immigration policy, can attract the most talented and hard-working people, no matter where they were born (Zuckerberg, 2013).

Additionally, the internal governance and policies of enterprises directly affect the healthy development of the companies. Guoqing signified:

“…First, DANG has a managing group governing the running and the stock of the company…Second, Yu and I do not arrange any relatives to work at DANG…Third, the company’s decision-making relies on the group’s wisdom, not on individuals.”

“…we have definite divisions of work. According to the decision of the board, Yu is charge of personnel and financial matters, and I am in charge of purchasing and marketing.”

It was noted that DANG had its strict managing policies though it was considered as a family business by many people. The effective governance and sound policies ensured DANG’s success in the (transnational) business. It could be inferred that standard and orderly internal governance and policies secure the regular running of a company. To a great extent, conflicts and issues in the management could be effectively avoided that ensues the smooth running of the company. It is also a wisdom converging process, which offers more solutions to thorny issues as well as more opportunities for the future development of the company.

6. Conclusion
It could be concluded that contemporary transnational Chinese Confucian entrepreneurs are those who were brought up and received higher education in China, and had overseas study or work experiences. Their creativities allow them effectively transfer their intellectual properties or academic achievements to manufacture or management of enterprises. These entrepreneurs stick to Confucian values and beliefs, and well balance the relationship between yi (righteousness) and li (profitableness) and deal with various guanxi in the (global) business practices. They have excellent foreign/English language competence and are skillful practitioners in intercultural business communication. They are rational and follow policies to handle different matters of their companies. Their outstanding academic achievements and business performance attract a variety of capital investments locally and internationally. Undoubtedly, these entrepreneurs are able
to achieve much more than ordinary entrepreneurs in both local and global businesses. Based on the findings of this study, Figure 1 has proposed a working model of contemporary transnational Chinese Confucian entrepreneurs.

![Figure 1: Model of contemporary transnational Chinese Confucian entrepreneurs](image)

The model of contemporary transnational Chinese Confucian entrepreneurs demonstrates that as a scholar and entrepreneur, they should balance the relationship between scholarship and entrepreneurship in both local and global businesses. It suggests that four significant features: culture and language, capitals and resources, governance and policies, and entrepreneurship and creativity, have to be considered when researching scholar entrepreneurs in the Confucian heritage context. Although the proposed model needs to be verified by more empirical evidence, it is sure to contribute to the current and future research on transnational Confucian entrepreneurs.

**References**


