Chapter 3

From Ancient Chinese Sages to Modern People Management Principles

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ABSTRACT

This chapter reviews the legacy of several ancient Chinese sages (i.e. Guanzi, Hanfeizi, Shangyang, Xunzi, and Yanzi) and explores their thinking of ruling the state and managing the people. The thoughts of the old are compared with those known in the mainstream Western management texts. Striking similarities in thoughts and key organization and management issues of old and new are identified. For contemporary organizations to be successful, essential people-management principles must be espoused to sustain organizations for a long term as to preserve ancient states. Nonetheless, the world is in ceaseless change, dynasties and nations rise and fall as organizations acquire, merge, die, or emerge as new. Despite perpetual principles, management techniques require constant adaptation to meet modern challenges.

INTRODUCTION

Post the global financial meltdown, organizations are facing increasingly more challenges regarding not only how they do more (i.e. performance, profit and productivity per se) with less (Colville & Millner, 2011), but also how they treat employees and a wider society alike with respect and responsibility (Kanji & Chopra, 2010). Organizations have become much more powerful nowadays than they were expected in the past. As pointed out by Suddaby et al. (2011), ‘corporations now rival countries in terms of productivity. Of the 100 largest “economies” in the world, 51 are corporations’ (p. 238). The power and influence of organizations on human beings and in the global society cannot be underestimated (Zheng, 2009; 2013). Decisions made by CEOs and managers, men and women who are in charge of organizational direction and development, would ultimately determine individual employees’ behaviour and personality (Prethus, 1963; Whyte, 1956), survival of organization’s own and sustainability of the global village (McWilliams et al., 2006).
Therefore, whilst academics and practitioners continue building new organizational theories and finding new management techniques (Suddaby et al., 2011; Watson, 2013), it is important to focus on perpetual management principles, so that we do not lose sight of seeing the forest for its trees. For this reason, this chapter aims at examining the ancient Chinese texts and compare them with the writings of respected Western management scholars to draw out everlasting management principles. It is noted that many of the Chinese ancient sayings were directed to the way of ruling the state and managing the people; and they were often addressed to kings and lords as today’s national leaders and corporate managers. The principles contained in these Chinese sayings and stories passed on through generation after generation were found to have striking similarities in the thoughts of contemporary western thinkers. Accordingly, these sayings are drawn in the same way the insights presented in *Il Principe* (*The Prince*) by Niccolò Machiavelli (cf. Skinner & Price, 1988) that have been used to inform discussions of various aspects of organization and management principles in the modern context.

In discussing ancient Chinese philosophy and thinking, the western management literature tends to focus on the work of Kongzi (Confucius) in *Analects* and Sunzi or Sun Tze in *the Art of War* (focusing on strategy). In this chapter, I do not reflect on Kongzi or Sunzi, whose works have been well dissected in other places. Rather, my focus is on other sages such as Guan zi, Hanfei zi, Shangyang, Xun zi and Yan zi (note: Zi used in ancient Chinese means ‘Teacher or Master’), 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 & Nanus, 1985; Bennis & Thomas, 2002), Peter Drucker (1954; 1967), Mary Parker Follett (see in Graham, 1994; Shfritz, Ott & Jang, 2005), Douglas McGregor (1960; 2006), Rosabeth Moss Kanter (1983), Elton Mayo (1933; 1949) and Jeffrey Pfeffer (1998). Hence, I will start the chapter with a discussion of several passages from selected Chinese sages that are relevant to the concepts of management and people management. This is followed by detailing several key principles that would help balance the needs of enhancing modern firm performance as well as organizational needs of upholding ethical standards, caring for employees and their families and communities, and working for the common good of the wider society.

**DEFINING MANAGEMENT AND PEOPLE MANAGEMENT**

According to Gomez-Mejia et al (2008), management in all business and human organization activity is simply the act of getting people together to accomplish desired goals and objectives. So from the surface, management is about managing people. People, human resources are the focus of the management (Watson, 2013). In another sense, management can also refer to the person or people who perform the act(s) of management (Samson & Daft, 2012). Therefore, both those who manage and is managed are the focus of management, in addition to the functional activities such as planning, organising, staffing, leading or directing, and controlling mentioned by Henri Fayol (cf. Watson, 2013). These activities are conducted by a group of one or more people or entities for the purpose of achieving organizational objectives. Follet (cf. Mary Parker Follet, cited in Kennedy, 2007, p. 75) asserted that management is the art of getting things done through empowering people not ‘power over people’. Here, it is crucial to recognise the importance of people or human resources as compared to the firm’s financial and