

## Chapter 2

# East and West, Past and Present: Rekindle Old Principles for New Management Practices

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### ABSTRACT

*This paper explores the sayings and stories of the ancient Chinese philosophers Guanzi, Hanfeizi, Xunzi and Yanzi. Their way of ruling the state and managing the people are analysed and discussed in line with 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. Striking similarities call for addressing key issues in human resource management. East and west thinkers across 3000 years are identified. The principles-based ruling and management were found difficult to be taken seriously in ancient times as it is today. However, these principles must be rekindled to protect organisations and the world from mischievous behaviour that has caused much human suffering.*

### INTRODUCTION

In the time of crisis, it is good to reflect old and new wisdom to guide our path ahead. It is the intention of this paper to reflect the sayings and stories of ancient Chinese sages. These ancient texts are compared with the writings of respected Western management scholars. We find striking similarities

in the thoughts and calls for action between ancient eastern and contemporary western thinkers across thousands 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 en-

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vironment, 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 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 (Skinner & Price, 1988) have been used to inform discussions of various aspects of organisation and management.

### **Management Principles According to Chinese Sages and Modern Gurus**

In discussing ancient Chinese philosophy and thinking, the western management literature tends to focus on the work of Kongzi (Confucius) in *Analekts* and Sunzi or Sun Tze in *the Art of War* (focusing on strategy). We do not reflect on Kongzi or Sunzi, whose works have been well dissected in other places. Rather, our focus is on other sages such as Guan zi, Hanfei zi, Xun zi and Yanzi (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 (1994), Shfritz, Ott, and Jang, (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.

We first look at what is ‘management’?. According to Gomez-Mejia, Barkan, and Cardy (2008), management in all business and human organisation 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. In another sense, management can also refer to the person or people who perform the act(s) of management. 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, which are conducted by a group of one or more people or entities for the purpose of achieving organisational objectives. Follet (1994) asserted that management is the art of getting things done through empowering people not ‘power over people’ (Kennedy, 2007). Here, we see 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 (De Cieri et al., 2008)

Such a view is not dissimilar to that expressed by Guanzi (ca. 728-645BC), 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 and so must be managed properly. He said to the King of Qi:

*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)*

*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)*

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