

# Social Responsibility and 'Dao'

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## *Abstract*

*While CSR has received much attention in the West world, there were insufficient studies addressed CSR in Chinese cultural context. The need for understanding CSR with Chinese culture became urgent also due to the increasing globalization and the important role China has played in global economy. This paper tried to make contributions to the knowledge of CSR by several ways. Firstly, this paper will seek answers of some fundamental questions about CSR from the Chinese perspective-to be specific, the perspective of Lao Zi's Dao. Through discussing the influence of Daoism on people's values and norms, this paper hopes to bring insight into the knowledge of social responsibility in cultural context of China. Finally, in this theoretical paper, we argue that Lao Zi's Dao is universally applicable. It also suggests that management might address CRS related issues with x and De.*

## I. Introduction

Corporate Social Responsibility (CSR) recently has drawn more attention from scholars, enterprises, governments and social communities than ever. This was mostly because of the strong and growing concern about the environmental problems, corruption, corporate scandals, and tragedies caused by some corporate ac-

tions with the aim to pursue maximization of corporate profits by ignoring the rights and interests of stakeholder groups.

With the expanding of globalization, CSR has become a hot topic not only in the US and European countries, but also other countries in the world. CSR of Chinese companies often was seen as questionable. Therefore, understanding CSR from Chinese perspectives or in Chinese culture became necessary. In this paper, CSR is discussed from the angle of *Dao* (also Tao). The lens of Daoism (Taoism)

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can provide a new way for understanding what responsibility is, why to take responsibility, and how managers and powerful people can act as responsible leaders.

There are four parts of this paper. After the Introduction part, the reason for taking the Chinese perspective-to be specific, the perspective of *Dao* from Lao Zi (Lao Tzu) was explained; also discussed in the part are the following: what *Dao* is, and How *Dao* can be related to CSR and help to understand CSR. This paper tried to make contributions to the knowledge of CSR by seeking answers of some fundamental questions about CSR from the perspective of *Dao*. We believed that, in order to conceptualize CSR, we must address the most fundamental questions: first, like, ‘to which others must I respond?’ (Jones, 2007), why should I take the responsibility?, and how can I do that?

In the related literature, there was an extensive discussion about the related issues of CSR, such as ethics, responsible leadership, and so on. It was also recognized that there are different values and perceived importance of social responsibility in different countries (Shafer, Fukukawa, and Lee, 2007). The recent study

of Matten and Moon (2008) suggested that CSR differs among countries (i.e., the U.S. versus European countries) due to the different financial systems, education and labor systems, culture systems, and nature of firms. While CSR has received much attention in the Western world, there were insufficient studies addressing CSR in Chinese cultural context. Therefore, understanding CSR from Chinese perspectives or in Chinese culture context became not only relevant, but also of importance. The need for understanding CSR with Chinese perspectives became urgent also due to the globalization trend and the important role China has played in global economy. In the third part, this paper discussed the influence of Daoism on Chinese culture, and CSR in contemporary China. This paper can help the understanding of CSR in the Chinese cultural context. Finally, in the last section of this paper, the relevance of the topic and the applicableness of the concept of *Dao* are addressed. Through discussing the influence of Daoism on people’s values and norms, this paper hopes to bring insight into the knowledge of social responsibility in the cultural context of China

## II. Responsibility and Dao

### 1. What is Dao?

First of all, it is necessary to give a brief introduction about Lao Zi's thought. Lao Zi was one of the great thinkers in the pre-Qin period of China, and the most influential ideologist in Chinese history. His unique thought has provided inspiration for many scholars over the centuries and millenaries. *Dao* (道), *De* (德), and *Wu Wei* (无爲) are the key concepts of Lao Zi's thought. *Dao* in Chinese has meaning of a way, a path, or a road. But, Lao Zi's *Dao* does not refer to the way by which people travel. Lao Zi's *Dao* is also completely different from the 'Dao's of Confucius and other thinkers of the pre-Qin period. It refers to "the way the whole world of nature operates" (Blakney, 1955: 37) and *Dao* "signif[ies] the original undifferentiated Reality from which the universe is evolved" (ibid). For Lao Zi, *Dao* contains everything; it is profound, just, and eternal (Lao, 2009). It is also mystery, as Waley (1939: 52) interpreted: "Tao is real, is faithful, yet does nothing and has no form. Can be handed down, yet can-

not be passed from hand to hand, can be got but cannot be seen. Is its own trunk, its own root". For Lao Zi, *De* refers to moral virtue. A person's *De* can be evaluated by the degree of his/her understanding of *Dao*, and action in conformity with *Dao*. Some scholars think that, Lao Zi's concept of *Wu Wei*, means taking no action that is contrary to Nature, and letting Nature take its own course (see Wang, 1977: 54), while others think, *Wu Wei* is non-doing. It was thought as a kind of passive choice in responding to difficulties confronted. However, this kind of interpretation is misleading. We argue that, it is pertinent to understand *Wu Wei* as 'non-doing of things which deviate from Dao', because for Lao Zi, *Dao* is the ultimate principle for guiding people's action.

### 2. Understanding Responsibility with Dao

The term "responsibility", in Western context, often involves subject and object. On the one hand, the subject should consider others. On the other, there are also requirements of subject's responding to object. For instance, Levinas thinks that

“responsibility involves a response to the other person, the singular other or Other. ... Responsibility, calls the subject into question, in an opening of givenness and openness, a demand to respond to the needs of the Other.” (Jones, 2007: 525). When the subject and object have different interests, there are always questions about responding to whom and the extent of responsibility.

An alternative perspective might help to solve the problems. It is suggested that, responsibility can be understood in a different way by taking Lao Zi’s thought into account. There are no explicit explanations of responsibility in *Dao De Jing*. However, according to Lao Zi, if everyone follows *Dao* and cultivate their *De*, the balance and just of the world can be achieved and maintained. In other words, following *Dao* and self-cultivating towards *De* are the way to taking responsibility, a better way to respond to others. For instance, wasting is considered an irresponsible behavior. If one bowl of rice can provide enough nutrition and energy for your body, eating a second bowl of rice is some kind of wasting. That is because, when you eat that second bowl of rice, some people in

somewhere in the world might lose their chance to have their first bowl of rice—we can save the second bowl of rice, which is not necessary for us, for someone who really needs it. Lao Zi suggested pursuing simple life, ‘Jian su bao pu, shao si gua yu’ (see Chapter 19 of *Dao De Jing*, ‘見素抱朴, 少私寡欲’-‘Give them simplicity to look at ... give them selflessness and fewness of desires’ (Laozi, 1999: 39)). What Lao Zi suggested can help to avoid wasting. Again, environmental pollution and business scandals were often caused by pursuing maximization of profits and ignoring environment and the right of other people. This kind of irresponsible behavior is often deeply rooted in avarice. This kind of irresponsibility can be attributed to lack of *De*. In Chapter 12 of *Dao De Jing*, Lao Zi told us the consequence of avarice: “excess of hunting and chasing makes minds go mad; Goods that are hard to get induce wrongful behavior.” (Laozi, 1999: 25) Therefore, Lao Zi suggested pursuing the simple and comfortable life by being aware of the danger of addicting to sensual pleasure and luxury life, and by keeping away from seduction of material. Furthermore, the envi-

ronment problems, exploitation of natural resources, and global financial crisis show that, when we take too much from the nature, we will eventually be punished by her. It can be said that, *Dao* provides a perspicuous understanding of human relations and the relations between nature and human beings; and it offers an alternative solution to irresponsibility.

Lao Zi's discussion about the relation between 'You'(有-existence) and 'Wu'(无-non-existence) is also insightful for addressing the issue of the responsibility of a responsible leader. From the stakeholders' perspective, a responsible leader should consider the needs and interests of a broader set of stakeholders, including employees, customers, or consumer groups, environmentalists, the broader community in which the firm operates (Waldman and Galvin, 2008), when he/she makes business decisions or takes actions. Making profit for stockholders and fulfilling stakeholders' interests are often incompatible, sometimes even in conflict. For instance, a manager might have to make a difficult decision about using part of money earned to increase workers' wage or getting all earned as

profits. Making profits can be seen as "existence" of money, while conceding wage increases to employees can be "non-existence" of money. To make the decision, managers might need to think about the purpose of 'existence' and 'non-existence', and relations between them. As Lao Zi put it, "Turn clay to make a vessel, but it is on the space where there is nothing that the usefulness of the vessel depends ... "(Lao, 1999: 23). When there is no non-existence of clay in the middle, a vessel cannot be used as container for flowers or water. Therefore, "you zhi yi wei li, wu zhi yi wei yong (有之以爲利, 无之以爲用)" (see *Dao De Jing*, Chapter, 11) -"while we can take advantage of existence, non-existence makes things useful" (ibid). Therefore, what we want from "existence" is to take advantage of it, and the purpose of "non-existence" is to make things useful. A one million profit might do us good, but by putting 1% of it to workers' wage incensement, the money can help workers a great deal. This is not suggesting altruism, but suggesting abandoning excessive desire for material. To be a responsible leader, one needs to think carefully about the pur-

pose and consequence of one's action, and the impacts of the decision on oneself and many others.

### III. Csr in Contemporary China

#### 1. The influence of Dao on Chinese Culture and Management Philosophy

Management philosophies determine managers' attitudes towards CSR. The research of Shafer and others (2007) found that there was inconsistency of Chinese managers' response to the questions related to CSR. First, Chinese managers were less likely to agree that business firms must disregard social responsibility to remain competitive in a global environment. They agreed that social responsibility and business ethics are essential to the long-term profitability and survival of a business. Therefore, social responsibility a business has should go beyond making profit. However, they thought social responsibility and profitability are incompatible. They also felt that efficiency and business survival take

priority over ethical and socially responsible behavior; and the interests of stockholders should be privileged over any other considerations. Chinese managers' contradictory feelings towards CSR might be explained by identifying the cultural influence on management philosophies in China.

Daoism, along with Confucianism and Buddhism, has great influence on Chinese culture. Some Chinese scholar thinks that, from historical view, Chinese leaders' philosophies have been much influenced by the thoughts of Huang-Lao (Huangdi and Lao Zi), although Confucianism has often been advocated (Nan, 2002). In other words, Chinese leaders have been adopting some of the thought of Lao Zi into their leadership philosophies, their way of controlling, and their leadership skills. For instance, Lao Zi's opinion (i.e. 不自見故明, 不自是故彰, 不自伐故有功, 不自矜故長, 夫唯不爭, 故天下莫能与之爭, see *Dao De Jing*, chapter 22; translated by Waley as: "He does not show himself, therefore he is seen everywhere. He does not boast of what he will do, therefore he is distinct. He does not boast what he will do, therefore he succeeds. He is not proud of his work, and therefore it endures. He does

not contend, and for that very reason no one under heaven can contend with him” (Lao Zi, 1999: 22)). was the important art of leadership. If a person does not show himself, it is therefore possible for him to listen to ideas from others; if he does not always talk about how successful he is, he can see what he has not achieve and then learns from the past; if he does not always show off his knowledge and power, he can work effectively and achieve personal growth. This is *De*-the virtue ethics, the way in conformity with *Dao*, and also the way of being human and being leader. The close relations between the virtue ethics and personal growth can be seen in here.

The influence of Lao Zi's thought allow Chinese people to be able to see the two sides of one coin, and concern about others. This might explain Chinese managers' contradictory feelings towards CSR. Chinese managers are influenced by Lao Zi's philosophy; however, this does not mean they completely accept Lao Zi's thought and adopt it to their management practice. There are many environmental, cultural and historical reasons. Firstly, it is difficult to develop a deep understanding of *Dao*, and also not easy to cultivate the virtue ethics. Secondly, Chinese

managers are also influenced by other philosophies, especially Confucianism. For instance, returning favor (礼尚往来 *li shang wang lai*) becomes the foundation of *guanxi* featuring Chinese culture. Hierarchical culture also can be traced back to Confucian *Wu lun* (五伦), (i.e., the five cardinal human relationships between emperor and subject, father and son, husband and wife, between brothers and between friends). At the Mao period, the Cultural Revolution overthrew the traditional Chinese culture. After the economic reform and 'opening up', Chinese people were impacted by western culture. China's "encouraging-people to get rich" policy, the prevalent idea of 'money is everything' in society, and the ferocious competition in turbulent business environment made pragmatism spread widely in contemporary China. In a word, the cultural discontinuity affects management philosophies of Chinese managers, and determines their attitudes towards CSR.

## 2. CSR in Contemporary China

The concept of CSR became popular in US first, and then in Europe. The term of CSR appeared recently in public,

in media and different forums in mainland China. There are strong voices from the public in China asking for companies to take social responsibility. Some foreign invested companies in China and some Chinese companies also wrote CSR reports. But all of these neither guarantees CSR has been given enough emphases, nor shows any improvement of CSR situation in China.

In recent thirty years, China's economic development was significant. China's economic reform and 'opening up' policy has made a great change in mainland China. China has attracted an enormous amount of foreign investment. There is also a growing number of private companies in China. China has become the world factory. With the rapid economy development of China, there are also increasing concerns about pollution, corruption, and workers' right. For instance, while many Chinese workers and local government officials work hard for a better life, there is also an increase in corruption and opportunism in mainland China. As Wang put it, in China, systemic corruption "seeped into every aspect of the political, economic, and moral spheres, giving rise to serious social inequities at every level." (2003: 168)

Although corruption might exist in any nation, the serious consequence of corruption on social fairness and stability cannot be ignored.

Other kinds of irresponsible behaviors were also not difficult to find. Workers' right is often neglected. It can be seen from the death of workers in coal mining disasters often caused by coal mine owners and managers pursuing productivity, profits, and high working speed at the price of workers' safety. Many workers work in high polluting industries, but they are neither informed about the hazard working condition nor protected from pollution. Under such working condition, some workers has contracted chronic diseases, but it is difficult for them to get compensation or medical treatments from their employers, because some employers did not make proper working contract with workers, especially those rural migrant workers (Nong min gong). Nevertheless, some rural migrant workers were only offered rock-bottom wages and minimal health and safety standards (Young, 2002: 37), and some employers intently paid the workers less or late. Most rural migrants are not unionized, and the functions of Union in China are minimized, having little collective bar-

gaining power for protecting workers' right.

In addition, environment problems caused by corporate irresponsible behavior are not uncommon in China. To reduce cost, chemical materials and industry waste were discharged in fields without any disposal, and caused air and water pollution. In 2007, waste water discharged by chemical factories caused blue algae overgrowing in Tai lake, polluting drinking water of millions of people. This is just one of many examples.

Those CSR problems are related to China's business system, such as China's legal system, political regulations, financial system, and Chinese 'guanxi'-featured culture, and so on. China is experiencing the transition to socialist market economy. China's political reform process is very slow and much behind its economic reform. As Young (2002) put it, "some of the most economically dynamic sectors of the economy ... have thrived in an almost completely unregulated environment ... China has no remotely comprehensive or effective enforcement mechanisms." (p.37). For example, in order to attract investment, some local governments loosed the rules of environment and natural resources

protection for investors. Ineffective surveillance system makes it possible to dodge punishment for irresponsible behavior. CSR is not treated seriously by some government officials and managers.

#### IV. Relevance of Dao in the Modern World

The classic, *Dao De Jing* (*Tao Te Ching*), was written by Lao Zi in ancient Chinese about two thousand and five hundred years ago, the Warring States period (475-221BCE) of China, in which social conditions were unstable, and materials were not as sufficient as nowadays. Some people might think that Lao Zi's thought is not compatible with the modern world, because the context in which the work was written matters. Relevance of the context of *Dao De Jing* was questioned.

However, we argue that Lao Zi's *Dao De Jing* reveals the general and basic principles of nature and human beings. Lao Zi's emphases on simplicity, purity, naturalness of life are important for understanding the relations between natural environment and human beings, as well as the relations among human beings.

CSR also addresses those relations, because the core of CSR is the idea that it reflects the social imperatives and the social consequences of business success (Matten and Moon, 2008: 405). We believe that Lao Zi's thought can provide a profound understanding of CSR.

In fact, considering the turbulent business environment, severe environment problems, financial crisis, and conflicts, Lao Zi's thought is not only of relevance but also of importance. Such irresponsibility shows us that we are far away from the ideal world Lao Zi described, and those irresponsible behavior deviate from *Dao* greatly. Lao Zi anticipated this kind of situation two thousand and five hundred years ago: da dao fei, ren yi chu (大道廢, 有仁義; 智慧出, 有大偽(see *Dao De Jing*, chapter, 18)-“it was when the Great way declined, That Human kindness and morality; it was when intelligence and knowledge appeared, that the Great Artifice began” (Waley, 1958)). Today, when crisis happens or scandals are found, the first thing people think of is to improve systems and set up stricter regulations to avoid those irresponsible behaviors. However, when so many regulations still cannot stop irresponsibility from happening,

we might need to reflect on our perspectives and our philosophies. When the world is sick, the medicine is needed urgently. Are Lao Zi's *Dao and De* the cure-all for irresponsibility? We might say that, if Lao Zi's thought is not universally applicable, at least, it offers alternative ways to dealing with irresponsibility. It lets us review our action and our thought. It also brings us some illumination for management about the possibility of addressing CRS-related issues with *Dao* and *De*.

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