

# A comprehensive review of research on Confucian culture

*Yuneng Xu*

School of Economics and Management, Tongji University, Shanghai, China

xuyuneng001110@126.com

---

**Abstract.** This study analyzes the background of Confucian culture, measurement approaches for assessing its influence intensity, and its multidimensional impacts across macro and micro levels. At the macro level, Confucian cultural values facilitate professional ethics cultivation among workers to promote economic growth, while its political philosophies offer alternative perspectives to Western democracy. Socially, it strengthens trust networks and shapes credit-friendly business environments. Micro-level effects manifest through enhanced corporate ethics, improved social responsibility commitments, elevated innovation performance, diversified board compositions, and optimized employee compensation structures. The research emphasizes the necessity of critical inheritance - preserving Confucian wisdom through modern value integration while discarding outdated elements.

**Keywords:** Confucian culture, literature review, informal institution, cultural economics

---

## 1. Introduction

Sociologist Daniel Patrick Moynihan pointed out that culture, rather than politics, plays the decisive role in a society's success. In the report of the 20th National Congress of the Communist Party of China, President Xi Jinping also consistently emphasizes the significance of culture, advocating to "advance cultural confidence and self-improvement, and forge new glories for socialist culture". For China, in its transitional phase, addressing practical challenges requires not only drawing lessons from successful institutional and governance models of other nations but, more crucially, grounding solutions in China's realities. This entails delving into its unique cultural, historical, and social contexts to derive methodologies from China's excellent traditional culture such as Confucianism, thereby exploring new governance directions from the perspective of informal institutions [1].

As the dominant force in Chinese social governance for nearly a millennium, Confucian culture has profoundly shaped China's economic, political, and social frameworks, evolving into unwritten cultural principles and behavioral norms that people follow unconsciously in daily life [2, 3]. The remarkable economic achievements of the Four Asian Tigers and Japan from the 1960s to 1990s led many scholars to attribute their success to Confucian cultural influences, establishing Confucianism as a novel research paradigm for understanding economic growth [4].

At the International Academic Symposium commemorating the 2565th anniversary of Confucius' birth, President Xi Jinping emphasized that Confucian philosophy has exerted extensive and enduring impacts on China's millennia-old civilization. Studying Confucius and his teachings serves as a vital pathway to comprehend the national character of the Chinese people, understand their spiritual world, and gain deeper insights into Chinese civilization. Furthermore, during inspections of Confucius' former residence and research institutes, President Xi Jinping pointed out that while upholding the principle of adapting traditional wisdom to modern contexts and fostering innovation, historical legacies and moral codes must be approached with discernment – "critically evaluated and selectively inherited". These discourses on Chinese traditional culture have charted research directions for academia to explore Confucianism's influences on economic development, social progress, and corporate behaviors.

In this paper, we analyze the institutional context of Confucian culture, methods for measuring its impact intensity, and its effects at both macro and micro levels through a systematic literature review, thereby laying a solid foundation for future in-depth research on Confucianism.

## 2. Background of Confucian culture

Since its establishment by Confucius in the late Spring and Autumn Period, Confucian philosophy has traversed multiple historical phases—"emergence, dormancy, dominance, integration, zenith, decline, and revitalization"—over two millennia, enduring as a living tradition to this day.

Following Confucius' founding of the school, disciples such as Mencius and Xunzi inherited and expanded its essence, gradually constructing an ideological system centered on "benevolence (ren), righteousness (yi), propriety (li), wisdom (zhi), and integrity (xin)." During the Qin dynasty, the First Emperor enforced the notorious "book-burning and scholar-burying" policy to consolidate authoritarian rule and eliminate dissent, dealing Confucianism a devastating blow that plunged it into temporary obscurity. The Han dynasties witnessed a resurgence when Emperor Wu adopted Dong Zhongshu's proposal to "Dismiss the Hundred Schools, Revere Confucianism Alone," securing its dominance throughout two millennia of feudal imperial rule. Subsequent periods—the Wei, Jin, Southern and Northern Dynasties, Tang, and Song—saw Confucianism integrate with Buddhism, Daoism, and metaphysical studies, evolving into new syntheses. During the Ming and Qing dynasties, Confucian classics became official imperial examination texts, marking the ideology's apogee under imperial patronage [5].

The May Fourth Movement, influenced by Western cultural impacts and New Culture ideals, precipitated Confucianism's decline in modern China. Mid-20th century economic miracles in the Four Asian Tigers revived academic interest in Confucian cultural values [6]. Since the 18th National Congress of the Communist Party of China, President Xi Jinping has emphasized cultural revitalization. During an inspection of Qufu, President Xi Jinping stressed that Confucian studies should adhere to the principle of "making the past serve the present," grounding research in China's realities through rigorous analysis to harness its positive role under contemporary conditions. In the new era of socialism with Chinese characteristics, the Party and state have infused Confucian culture with renewed vitality, transforming it into a crucial spiritual pillar supporting China's modernization endeavors.

## 3. Measurement of the intensity of Confucian culture

Hofstede pioneered cultural measurement through questionnaire surveys [7]. However, Confucian culture, with its profound spiritual depth, permeates multiple dimensions of society, family, and individual life, influencing inner thoughts, beliefs, and values, and thereby shaping nearly every facet of human civilization. Consequently, standardized survey-based approaches inadequately and inaccurately capture its nuanced impact. Existing literature primarily measures Confucian cultural influence through geographic proximity, focusing on the distribution of Confucian temples, academies, and Ming-Qing imperial jinshi (top scholars) near corporate headquarters or operational sites.

### 3.1. Distribution of Confucian temples near corporate headquarters

China's unique "temple-school integration" system transformed Confucian temples into both commemorative sites honoring Confucius and educational hubs where students studied classical texts [8]. As spiritual anchors of Confucian culture, these temples reflect regional reverence for Confucianism while perpetuating its teachings across generations. Thus, their geographic proximity to firms offers some validity as a proxy. However, scholars caution that using temple counts may be problematic. To align with recent policies promoting "cultural heritage preservation and cultural confidence," local governments have strong incentives to construct new temples (e.g., Wenzhou's temple built in 2009), potentially distorting historical continuity when using current distributions to represent millennia-old cultural influence [9].

### 3.2. Distribution of Confucian academies near corporate headquarters

After founding the Ming dynasty, Emperor Taizu revitalized Confucianism to cultivate a disciplined populace through "moral education." This era saw the rise of community schools and semi-official Confucian academies, sparking a nationwide movement to "civilize customs through education" [10]. The geographic spread of these academies reflects Confucianism's dissemination strength. Scholars often measure their influence using metrics such as the number of academies within 200 km of a firm's headquarters or the density of academies near the birthplaces of CEOs and board chairs [9, 11].

### 3.3. Distribution of Ming-Qing Imperial Jinshi near corporate headquarters

During the Ming and Qing dynasties, Confucianism reached its zenith as imperial examinations focused exclusively on the Four Books and Five Classics. The rigid social hierarchy of "scholars, farmers, artisans, merchants" drove scholars to diligently study Confucian texts for career advancement [12]. The density of Ming-Qing jinshi in a region thus serves as a proxy for Confucian cultural intensity. Furthermore, the Index of Ming-Qing Imperial Jinshi Inscriptions provides comprehensive, high-quality data on over 50,000 scholars, making their geographic distribution a robust measure of Confucianism's historical penetration [13, 5, 14].

## **4. Research on the impact of Confucian culture at the macro level**

Confucian culture has exerted complex and profound influences on macroeconomic development, political systems, and social structures.

### **4.1. Economic dimension**

The values embedded in Confucian culture—including nationalism, disciplined work ethic, frugality, and conscientiousness—have fostered a robust professional ethics system among laborers, galvanizing productivity and injecting sustained momentum for economic growth and social modernization. This cultural framework enabled East Asian nations to carve out a distinct modernization path divergent from Western capitalist models [15-18]. Furthermore, Confucianism advocates for economic justice to be realized through distributive fairness, thereby addressing wealth disparities and advancing common prosperity for all citizens [19].

### **4.2. Political dimension**

Confucian principles such as "people-centric governance" and "benevolence (ren)" offer an alternative to liberal democracy, supporting democratic ideals while curbing political power abuse [20]. However, Park & Shin [21] argue that in contexts like South Korea, Confucian values made citizens more resistant to rejecting authoritarianism than embracing democracy, ultimately weakening liberal democratic development.

### **4.3. Social dimension**

Confucian culture enhances social trust through its affective pathways of "extending benevolence, cultivating empathy, and fostering moral resonance," positively shaping commercial credit environments [22, 23]. Cultural preferences for sons and savings significantly influence housing tenure decisions [24]. Additionally, Confucian emphasis on education, discipline, and equity fosters societies with higher academic achievements and stronger social capital. Its unique higher education model boosts public participation in tertiary education, driving growth in both the quantity and quality of academic institutions and research outputs [25, 26].

## **5. Research on the impact of Confucian culture at the micro level**

Confucian culture influences micro-level corporations across five dimensions: business ethics, social responsibility, innovation performance, board diversity, and employee pay gaps.

### **5.1. Business ethics**

The Confucian principle of "utmost sincerity" forms a cornerstone of business ethics. Classics such as "A noble person remains steadfast but not rigid" and "Without trustworthiness, one cannot function in society" highlight integrity as an essential virtue. Studies demonstrate that firms deeply rooted in Confucian traditions exhibit superior information transparency and internal control quality. These enterprises show lower probabilities of fraudulent practices, unethical expropriation by controlling shareholders, tax avoidance, and stock price crashes, effectively mitigating agency conflicts [1, 9, 27-30].

### **5.2. Social responsibility**

The Confucian maxim "The discourse on righteousness and profit constitutes the foremost principle" prioritizes moral obligations over material gains. Guided by this ethos, Confucian-influenced firms proactively disclose high-quality Corporate Social Responsibility (CSR) information, increase philanthropic donations, and enhance their CSR performance [14, 31-34].

### **5.3. Innovation performance**

Confucian culture exerts dual effects on corporate innovation. While its emphasis on hierarchical order and conflict avoidance may inhibit creativity, its progressive tenets—exemplified by "Renew yourself daily" and "The noble person perseveres ceaselessly"—stimulate R&D investments. Empirical evidence confirms that Confucian-oriented firms generally achieve better innovation outcomes [35-37].

#### 5.4. Board diversity

Legacies of Confucian gender norms, including the "Three Obediences and Four Virtues" and the notion that "a woman's lack of talent is a virtue", persistently hinder female leadership. Companies immersed in Confucian traditions exhibit significantly lower board gender diversity [38].

#### 5.5. Employee pay gaps

Confucianism presents a paradox regarding pay equity: Its egalitarian ideals ("wealth should be equitably distributed") contrast with hierarchical doctrines ("respect for authority"). Consequently, scholars debate whether Confucian values widen or narrow executive-employee compensation disparities [39, 40].

### 6. Conclusion

When addressing Confucian culture, we must adopt an approach of critical inheritance through dialectical discernment and creative transformation, achieving organic integration between traditional Confucian values and modern value orientations. Through systematic review of relevant literature on Confucian culture, this study concludes that Confucian philosophy exerts significant positive influences at both macro and micro levels. Notably, however, certain values within Confucianism exhibit incompatibility with modern society, including feudal hierarchical concepts like "monarchical-subject relations and paternalistic authority," gender discrimination embedded in "male superiority," and the absolute tendency of "prioritizing righteousness over material interests" particularly relevant to our research on ethical responsibility perspectives. This analysis reinforces the imperative to implement the important directives from President Xi Jinping by approaching Confucian culture with "selective preservation and constructive evolution." While preserving its core values and maximizing its governance potential, we must consciously abandon its outdated elements and establish a dual filtering mechanism - employing modern civilization standards to evaluate traditions while applying traditional wisdom to rectify modern excesses. Only through such balanced integration can Confucian culture become truly applicable in contemporary China, helping address humanity's shared challenges and advancing civilizational progress.

### References

- [1] Xu, X., Li, W., & Chen, X. (2020). Confucian culture and stock price crash risk. *Accounting Research*, (04), 143-150.
- [2] Xu, X., Long, Z., & Li, W. (2020). Confucian culture and corporate philanthropy. *Foreign Economics & Management*, 42(02), 124-136.
- [3] Zhang, W. (2013). Norm entrepreneurs and Confucian social norms. *Journal of Peking University (Philosophy and Social Sciences)*, 50(01), 16-35.
- [4] Lin, Y. (2003). Economic development and Chinese culture. *Strategy and Management*, (01), 45-51.
- [5] Pan, Y., Tang, X., & Ning, B. (2020). Frugal tendency in traditional culture: Confucianism and managers' perk consumption. *Journal of Xiamen University (Arts & Social Sciences)*, (01), 107-120.
- [6] Zhang, X. (1998). The spirit and values of Confucian culture. *Journal of Peking University (Philosophy and Social Sciences)*, (01), 88-95.
- [7] Hofstede, G. (1984). *Culture's consequences: International differences in work-related values*. Newbury Park, CA: Sage.
- [8] Luo, C. (2007). The spiritual home of Confucian culture - Confucian temple. *Confucius Studies*, (02), 106-111.
- [9] Cheng, B., Pan, F., & Wang, J. (2016). Confucian culture, information environment and internal controls. *Accounting Research*, (12), 79-84+96.
- [10] Wang, M. (1999). The modernity of educational space and folk concepts: A historical trajectory of primary education in three villages in Fujian and Taiwan. *Sociological Studies*, (06), 103-116.
- [11] Gu, Z. (2015). Confucian ethics and agency costs in the context of globalization. *Journal of Management World*, (03), 113-123.
- [12] Lin, Y. (2007). Needham puzzle, Weber question and China's miracle: Long term performance since the Song dynasty. *Journal of Peking University (Philosophy and Social Sciences)*, 50(04), 5-22.
- [13] Pan, A., Wang, H., & Qiu, J. (2021). Confucianism and green M&As in heavy polluters. *Accounting Research*, (05), 133-147.
- [14] Zou, P. (2020). Does Confucianism promote disclosure of corporate social responsibility? *Business and Management Journal*, 42(12), 76-93.
- [15] Zhang, S. (1994). Confucian culture and economic development: A review of foreign studies. *Sociological Studies*, (03), 63-68.
- [16] Zhang, D. (1995). Confucian cultural tradition and the rise of East Asian economy. *Journal of Tsinghua University (Philosophy and Social Sciences)*, (01), 65-69.
- [17] Kwon, K. (2007). Economic development in East Asia and a critique of the Post-Confucian thesis. *Theory and Society*, 36(1), 55-83.
- [18] Kim, A., & Park, G. (2003). Nationalism, Confucianism, work ethic and industrialization in South Korea. *Journal of Contemporary Asia*, 33(1), 37-49.
- [19] Deng, G., Wang, S., & Tian, Y. (2022). Confucian tradition and income gap: Cultural power to promote common prosperity. *Journal of Shanghai University of Finance and Economics*, 24(5), 51-66.
- [20] Akerly, B. (2005). Is liberalism the only way toward democracy?: Confucianism and democracy. *Political Theory*, 33(4), 547-576.
- [21] Park, C., & Shin, D. (2006). Do Asian values deter popular support for democracy in South Korea? *Asian Survey*, 46(3), 341-361.

- [22] Wang, R. (2022). On the formation of Confucian trustworthiness in modern organizations. *Journal of Renmin University of China*, 36(01), 160-170.
- [23] Zhao, H., & Ding, Z. (2022). Can Confucianism raise enterprise performance? Evidence from Chinese industrial enterprises in Shandong Province. *European Journal of International Management*, 17(2), 222-252.
- [24] Deng, G., Cai, H., & Li, D. (2024). Power of culture: A study on the influence of traditional social norms on residents' housing rental and purchase decisions. *Social Science Research*, (06), 78-87.
- [25] Zhou, M., & Kim, S. (2006). Community forces, social capital, and educational achievement: The case of supplementary education in the Chinese and Korean immigrant communities. *Harvard Educational Review*, 76(1), 1-29.
- [26] Marginson, S. (2011). Higher education in East Asia and Singapore: Rise of the Confucian model. *Higher Education*, 61(5), 587-611.
- [27] Cheng, B., Xiong, T., & Lin, M. (2018). Confucian traditional culture and corporate fraud—Analysis based on family-owned listed companies in China. *Economic Theory and Business Management*, (10), 72-86.
- [28] Tang, X., Gu, Y., Weng, R., et al. (2022). Confucianism and corporate fraud. *International Journal of Emerging Markets*, 17(3), 1425-1445.
- [29] Chen, S., Xu, L., & Jebran, K. (2021). The effect of Confucian culture on corporate tax avoidance: Evidence from China. *Economic Research-Ekonomska Istrazivanja*, 34(1), 1342-1365.
- [30] Du, X. (2015). Does Confucianism reduce minority shareholder expropriation? Evidence from China. *Journal of Business Ethics*, 132(3), 661-716.
- [31] Wang, L., & Juslin, H. (2009). The impact of Chinese culture on corporate social responsibility: The harmony approach. *Journal of Business Ethics*, 88(suppl.3), 433-451.
- [32] Xu, X., & Li, Y. (2018). Management gender, institutional environment and CSR decisions of enterprises. *Science Research Management*, 39(03), 80-89.
- [33] Zou, P., & Li, G. (2022). Does Confucian culture promote corporate social responsibility? *Economic Review*, (02), 154-170.
- [34] Kong, X., Zhang, X., Yan, C., et al. (2022). China's historical imperial examination system and corporate social responsibility. *Pacific-Basin Finance Journal*, 72, 101734.
- [35] Wang, W. (2021). Confucian culture and enterprise innovation. *Review of Industrial Economics*, (05), 61-78.
- [36] Xu, X., & Li, W. (2019). Confucian tradition and corporate innovation: The power of culture. *Journal of Financial Research*, (09), 112-130.
- [37] Yan, Y., Xu, X., & Lai, J. (2021). Does Confucian culture influence corporate R&D investment? Evidence from Chinese private firms. *Finance Research Letters*, 40, 101719.
- [38] Du, X. (2016). Does Confucianism reduce board gender diversity? Firm-level evidence from China. *Journal of Business Ethics*, 136(3), 399-436.
- [39] Rao, Y., Ding, Q., & Chen, D. (2022). Confucianism and the compensation gap between executives and employees: Based on power distance. *Journal of Xiamen University (Arts & Social Sciences)*, 72(02), 47-60.
- [40] Chen, S., Yang, J., Yang, Z., et al. (2020). Confucianism and executive-employee pay gap. *Finance and Trade Research*, 31(05), 97-110.