

Research on the Influence of Taoist Philosophy on Modern Enterprise Management

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Abstract: Under the backdrop of the globalized economy, Chinese enterprises need to construct a management system that integrates the characteristics of their local culture. This paper reviews the profound influence of Taoist philosophy on modern enterprise management, especially how its core principles of "people-oriented" and "natural non-action" shape corporate culture and enhance employee enthusiasm. The article analyzes the application of Taoist thought in ancient Chinese governance and family management, and explores its practice in modern enterprises, such as humanized management and strategies of non-intervention. Although Taoist thought has the potential to enhance corporate adaptability and innovation, it also poses challenges to leadership capabilities and may affect corporate stability and goal orientation. The article concludes by looking forward to the future integration of Taoist philosophy with enterprise management, pointing out its application prospects in innovative management, corporate culture, and leadership mentality, aiming to provide new ideas for the sustainable development of enterprises.

Keywords: Taoist Philosophy, Modern Enterprises, Management Innovation.

1. Introduction

In the current trend of economic globalization, corporate management issues are increasingly valued. With China's background of profound ethnic culture, Western management systems seem somewhat inapplicable, hence the need for China to have its own "Oriental Management System." However, current scholarly research on the impact of traditional culture on corporate management often starts with Confucianism. Yet, within the ideological system of traditional culture, Taoist thought holds a position alongside Confucian thought, both having jointly influenced China for thousands of years. Therefore, the author believes that the establishment of a Chinese management system cannot bypass the study of Taoist management thought. This article aims to fill the gap in Taoist thought research literature through a review of previous literature, laying the foundation for the establishment of a Chinese management system.

2. Taoist Management Concepts

Taoist thought originated more than two thousand years ago and is an essential school of thought among the pre-Qin philosophers represented by Laozi[1]. The management concept in Taoist thought is based on the "Tao" as the philosophical foundation. Laozi believed that the Tao is the origin of all

things in the world, the essence of the universe, and the law of all things[2]. Combining the articles of predecessors, it is not difficult to find that Taoist thought follows two basic principles.

2.1. People-Oriented Approach

As Laozi said, "The Tao gives birth to the One. The One gives birth to the Two. The Two gives birth to the Three. The Three gives birth to all things." [3] This implies that even different individuals originate from the same source, hence there is no hierarchy of superiority or inferiority among people; everyone should be equal. From the perspective of positive psychology, humans are beings with thoughts, willpower, proactive subjectivity, passion, wisdom, and independent emotions and feelings, capable of taking a positive and active attitude to realize their actions and labor, rather than passively accepting all external stimuli[4]. Whether it is the management of an enterprise or an organization, or the management of a country, the essence is the management of people. Therefore, management should be people-oriented, based on the psychological and ideological laws of people, by respecting, caring for, motivating, and improving interpersonal relationships, to fully leverage people's enthusiasm and creativity, thereby improving work efficiency and management efficiency[5]. This is also the second principle of Taoist thought to be mentioned.

2.2. Natural Non-Action

All things in the world operate around the rules of the "Tao," and the fundamental attribute of the "Tao" is natural non-action, as Laozi said, "There are four great domains, and humans are one of them. Humans follow the laws of the earth, the earth follows the laws of heaven, heaven follows the laws of the Tao, and the Tao follows the laws of nature." [6] This means that there are four great entities in the universe, and humans are one of them. Humans follow the laws of the land, the land follows the laws of the sky, the sky follows the laws of the Tao, and the Tao follows the laws of nature[7]. This statement points out that everything in the world has its unique laws, and managers should act in accordance with these laws to achieve good results. If managers violate the laws, that is, the "Tao," then managers will be rejected by all things in the world, making it difficult to succeed. This principle emphasizes that managers should deeply understand the laws of development and act in accordance with nature and these laws in management, in order to achieve the ideal state of governance through non-action[8].

3. The Influence of Taoist Thought on Ancient Chinese Governance and Family Management

Taoist thought emerged during the Spring and Autumn and Warring States periods. Against the backdrop of this turbulent era, Laozi wrote the book "Tao Te Ching" in response to how to better govern the country. This book is an important classic of Taoist thought and also a summary of Laozi's understanding of the laws of change in all things in the universe[9]. It contains rich management wisdom, providing clear guidance for rulers of all ages on how to govern the country, conduct oneself, and interact with others.

3.1. The Humanistic Thought in Historical National Governance

In fact, the idea of people-oriented governance is reflected in many schools of thought. During the Warring States period, the book "Guanzi" emphasized the people-oriented philosophy of governance. Guan Zhong believed that the way to govern a country lies in winning the hearts of the people, addressing their urgent needs, and providing what the common people require[10]. Mencius's concept of benevolent governance, he proposed the view that "the people are the most important, the state is

next, and the ruler is the least important," emphasizing the importance of people-oriented governance, focusing on people's livelihood and interests; during the reign of Emperor Taizong of Tang, the "Zhenguan Administration," Li Shimin implemented a series of people-oriented policies, such as reducing taxes, developing water conservancy, and promoting agriculture, which promoted social prosperity and stability; during the period of Emperor Renzong of Song's "Lenient Governance," the punishment on the people was reduced, and the importance of commerce was emphasized, leading to a historical high point in the economy and culture of the Song Dynasty; during Emperor Kangxi's "Kangxi Prosperity," the policy of never increasing taxes was implemented, and education was promoted, improving the welfare of the people and promoting social development[11].

These examples illustrate that ancient Chinese rulers in different historical periods have tried to apply the idea of people-oriented governance to the management of the country, achieving long-term stability and peace for the nation through measures such as focusing on people's livelihood, reducing the burden on the people, and promoting social harmony.

3.2. Historical Governance through Non-Action

The essence of governing through non-action lies in reducing government intervention, allowing people to develop freely in a less restrictive environment, thereby achieving social harmony and the restoration of the natural order. Below are several historical examples of genuine non-action governance.

3.2.1. The Reign of Wen and Jing in the Western Han Dynasty

During the reign of Emperor Wen (Liu Heng) and Emperor Jing (Liu Qi) of the Western Han Dynasty, Taoist philosophy was vigorously implemented, and a series of policies were carried out to alleviate the burden on the people. Emperor Wen abolished many taxes, reduced punishments, promoted agricultural development, and gradually enriched the national finances, ensuring a stable life for the people. Emperor Jing continued the policies of Emperor Wen, further reducing taxes, relaxing commercial restrictions, and promoting economic prosperity. The political clarity and social stability of this period are known as the "Reign of Wen and Jing."

3.2.2. Emperor Taizong's Zhenguan Administration in the Tang Dynasty

During his reign, Emperor Taizong (Li Shimin) of the Tang Dynasty learned from the collapse of the Sui Dynasty and adopted a series of policies of non-action. He implemented the "Equal-field System" and the "Taxation and Labor Service System," reducing the burden on farmers and encouraging agricultural production. At the same time, he also valued cultural education, selected capable individuals, and strengthened centralization of power. These measures enabled the Tang Dynasty to rise rapidly and become one of the most prosperous countries in the world at that time.

3.2.3. Emperor Xuanzong's Kaiyuan Prosperity in the Tang Dynasty

During his reign, Emperor Xuanzong (Li Longji) of the Tang Dynasty advocated Taoism and practiced non-action governance, reducing government intervention and promoting economic and cultural prosperity. He implemented a series of reform measures, such as the "Two-Tax System" reform, which reduced the burden on farmers and promoted the development of commerce. At the same time, he also valued cultural education, selected capable individuals, and strengthened centralization of power, leading the Tang Dynasty to its peak period.

3.2.4. The Reign of Hongwu in the Ming Dynasty

After establishing the Ming Dynasty, Zhu Yuanzhang, the founding emperor, adopted a series of policies of non-action to stabilize the government and restore the economy. He implemented the "Tuntian System," encouraging farmers to cultivate land, reducing taxes, and gradually enriching the national finances. At the same time, he also valued cultural education, selected capable individuals, and strengthened centralization of power, gradually stabilizing the politics of the Ming Dynasty.[11]

These examples demonstrate the application of the philosophy of non-action governance in different historical periods of ancient China. The main manifestation is through reducing government intervention, allowing people to develop freely in a less restrictive environment, thereby achieving social harmony and the restoration of natural order. This governance philosophy holds an important position in the political history of ancient China and has had a profound influence on later generations.

4. The Influence of Taoist Thought on Modern Chinese Enterprise Systems

As mentioned earlier, whether it is the management of a country or an organization, the essence is the management of people. Therefore, many aspects of modern enterprise management can draw on the methods of governing a country. The influence of Taoist thought on modern Chinese enterprise systems is mainly reflected in the concepts of enterprise management, organizational culture, and leadership styles.

4.1. Humanized Management

Taoism emphasizes "people as the foundation," which coincides with the modern enterprise management concept of "human-oriented management." It focuses on the feelings and needs of employees, which helps to improve their satisfaction and loyalty, stimulate their potential, and thus promote the long-term development and success of the enterprise[12]. There are many strategies in this regard, such as paying attention to employees' personal needs, emotions, and career development, providing support and resources to help employees achieve personal goals; encouraging employee participation in the decision-making process, making them feel that their opinions and contributions are valued; recognizing the uniqueness of each employee, respecting their diversity and individual needs; giving employees more autonomy, allowing them to have more control and freedom over their work; investing in employee education and training to promote their career growth and skill improvement; through flexible work arrangements, allowing employees to better balance work and life; using positive incentive mechanisms, such as praise, rewards, and career advancement opportunities, to improve employee passion and work efficiency; establishing open and honest communication channels to ensure the flow of information and that employees' voices are heard; [13] humanized management is reflected in many outstanding enterprises in modern China, such as Huawei and Xiaomi, and it is also an important principle that cannot be ignored in future enterprise development.

4.2. Governance through Non-Action

The Taoist concept of "governance through non-action" is manifested in modern enterprises as reducing unnecessary intervention and giving employees more autonomy and space for innovation. This is thoroughly demonstrated in Huawei, where this study list some specific measures taken by the company[14].

4.2.1. Process Management

Huawei incorporates all corporate activities into a first-level process, ensuring that every step from product development, production, sales to service has clear process specifications. Its organizational structure is built around processes, rather than the traditional department-centered structure[15]. This structure helps to break down departmental barriers and improve the efficiency of cross-departmental collaboration.

4.2.2. Decentralization Policy

This is a unique management policy of Huawei, reflecting the company's trust and respect for employees, as well as its emphasis on stimulating their potential and creativity. Its specific policies include the rotating CEO system, empowerment of front-line employees, project responsibility system, employee stock ownership plan, internal entrepreneurship mechanism, open innovation, and cultivation of employee leadership, etc. Its rotating CEO system and employee stock ownership plan best embody the Taoist concept of governance through non-action[16].

The core idea of the rotating CEO system is to let different executives take turns bearing the highest leadership responsibilities for the company's daily operations. This system ensures diversity and fresh perspectives in the leadership by periodically changing the company's CEO. It also prevents the concentration of power in one person and reduces the impact of individual decision-making errors on the company. This system provides many senior executives with opportunities to exercise and demonstrate their leadership abilities, helping to better discover and cultivate the company's future leaders. Moreover, because the rotating CEOs need to work closely with other executives to jointly formulate and execute company strategy, this helps to strengthen team spirit and enhance the cohesion of the leadership team.

The employee stock ownership plan is an incentive mechanism designed to let employees share in the company's success and enhance their sense of belonging and loyalty. Its implementation involves issuing company shares as rewards to employees, making them shareholders and granting them rights to company profit dividends and stock price appreciation. When employees become stakeholders in the company, they pay more attention to the long-term development of the company, improving their work enthusiasm and loyalty. At the same time, they also share the business risks with the company, which helps to cultivate employees' sense of risk and responsibility. The issuance of employee shares varies according to factors such as the employee's position, contributions to the company, and years of service, issuing different amounts of shares. This reflects the principle of fairness and requires the company to be more transparent with employees about financial and operational conditions, increasing the transparency of the company's operations[17]. This system is a long-term incentive mechanism that can help the company retain key talents and promote long-term development.

The above two points well reflect the influence of Taoist thought on modern enterprise systems and have indeed helped these companies achieve very good results.

5. Looking Forward to the Future

The integration of Taoist thought and modern enterprise management may develop more deeply and broadly. As society continues to evolve and change, the demand for enterprise management concepts is also constantly changing. Some principles and philosophies in Taoism can provide new ideas and methods to deal with the ever-changing business environment and management challenges.

In the future, Taoist thought may be more closely integrated with modern enterprise management in the following aspects:

5.1. Innovative Management Models

The principles of Taoism that advocate acting in accordance with nature and governance through non-action can inspire higher levels of innovation awareness among enterprise managers, encouraging enterprises to seek new development opportunities amid change. Enterprise managers can draw on the Taoist concept of "governance through non-action" to consider management methods[18], avoiding forced intervention and instead guiding and adjusting the development direction of employees.

5.2. Building a Harmonious Corporate Culture

Taoist thought emphasizes peace, nature, and governance through non-action, which can provide a reference for establishing a harmonious work atmosphere and interpersonal relationships within an enterprise[19]. Enterprise managers can create a harmonious, equal, and supportive corporate culture by respecting employees and valuing human care, enhancing employees' sense of belonging and loyalty.

5.3. Guiding Leaders' Mindset

The Taoist advocacy of a "governance through non-action" mindset can help enterprise managers maintain a calm and composed attitude in the face of change and difficulties, avoiding excessive anxiety and confusion[20]. By cultivating personal virtue and understanding the Tao, leaders can better guide the enterprise towards success.

Overall, the future outlook for the integration of Taoist thought and modern enterprise management is positive. Enterprises can explore development paths that better meet the needs of contemporary enterprise management by drawing on the wisdom and principles of Taoism, achieving sustainable development and a win-win situation for the enterprise.

6. Conclusion

Taoism emphasizes a people-oriented approach and governance through non-action. A people-oriented philosophy is conducive to creating a positive corporate culture and enhancing employee enthusiasm and loyalty, which is very beneficial for the sustainable development of enterprises. The mindset of governance through non-action does not emphasize the pursuit of results but focuses more on acting in accordance with the natural flow. This mindset can better guide enterprises to flexibly respond in the unpredictable market environment and better embrace change.

This can be an advantage for enterprises, but there are also situations where it may become a disadvantage. Since governance through non-action has high demands on leaders, if the leaders' abilities are insufficient and they cannot understand and apply the principles well, it is easy to mismanage the degree of non-action. This may lead to excessive delegation of power, resulting in insufficient control over key business operations by the leadership, affecting the stable operation of the enterprise. Moreover, due to the emphasis on natural non-action, the enterprise may lack a sense of purpose and proactivity. In certain specific environments, employees may need clearer guidance and goal setting, and if leaders fail to provide this, instability factors will emerge within the enterprise.

In summary, Taoist thought has both advantages and disadvantages for modern enterprise management, mainly depending on the leaders' understanding of its philosophy and their ability to integrate it with practical situations.

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