

Theoretical and Empirical Examination of Corporate Social Responsibility in East Asia: Implications from Confucianism, Legalism, and Taoism

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Abstract

Corporate Social Responsibility (CSR) has attracted a great deal of attention in the field of management research in the past few decades. The East Asia region – including Mainland China (China), Japan, South Korea (Korea), and Taiwan – as a unique research context has increasingly attracted CSR scholars due to its importance in the global economy and its different cultural traditions from the West. Studies argue that CSR in Asia demonstrates a strong ethically driven style as a result of long-standing influence from traditional philosophies. However, it remains unclear which are the underpinning philosophies that drive CSR attitudes and behaviours in East Asia. Moreover, CSR studies with a focus on traditional philosophies have often been descriptive in nature, with a lack of empirical evidence and the lack of a comprehensive theoretical framework to guide research in this area forward.

This thesis advances CSR research in East Asia through a process of inductive theory development embodied by three studies. Chapter 2 (Study 1) conducts a systematic literature review of current CSR studies East Asia utilizing the methods of co-citation analysis and content analysis to visualize the connections and interactions of key studies and latent themes. Three major Chinese philosophies, namely Confucianism, Taoism, and Legalism, emerge in the literature on CSR in East Asia as having ethical traditions that show strong links with CSR. The findings of this first study justify the need for further investigation into these philosophies and how they can contribute to the understanding of CSR. Chapter 3 (Study 2) then uses a quantitative research design to empirically test the associations between the three philosophies and CSR perceptions at an individual level. Data was collected from East Asian full-time employees in China, Japan, Korea, and Taiwan. The results show that philosophical values are significant predictors for employees' attitudes and behaviours around CSR, demonstrating that East Asian people are fundamentally driven by these philosophies. However, different


combinations of philosophical values explain different dimensions of CSR. The findings indicate that the three philosophies may not only act as isolated predictors for CSR but also have more complex associations that have been overlooked. Finally, Chapter 4 (Study 3) proposes a philosophical model incorporating a Venn diagram to synthesize all three philosophies. This study suggests that the three philosophies interact with each other through their possible moderating or mediating effects. Additionally, the ReVaMB model is applied to CSR, and this highlights the importance of context by suggesting various moderating factors. A comprehensive ReVaMB-CSR model is proposed that can be tested at different levels of analysis to explore how traditional philosophical values drive CSR outcomes.

This thesis extends our understanding of CSR in East Asia from a philosophical perspective and makes an original contribution to knowledge through both empirical and theoretical investigations. It introduces the method for literature review studies that map out the CSR landscape in East Asia. The majority of studies rely on Western-developed theories and frameworks, while ethics-focused studies are emerging as a response to a call for indigenous management research. Through rigorous data collection from the region of East Asia, empirical evidence is provided to support ethics-focused studies at the analysis of individual level. More importantly, this thesis initiates a new way to look at the relationship between philosophies and invites future studies to test and modify the proposed ReVaMB-CSR model.

Statement of Originality

I certify that this thesis entitled “*Theoretical and Empirical Examination of Corporate Social Responsibility in East Asia: Implications from Confucianism, Legalism, and Taoism*” has not previously been submitted for a degree or diploma in any university. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made in the thesis itself.

The thesis is an original piece of research and it was written by me. The additional authors included in Chapter 3, Chapter 4, and Chapter 5, were involved in the research at supervisory level. The study in Chapter 3 was approved by Macquarie University’s Ethics Committee, reference number 5201600896.

(Signed)  Xiao Shujuan

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Chapter 1: Introduction

This introductory chapter first presents the research background of this thesis and outlines the major objectives of the thesis. Then a section on the research context introduces the focus of East Asia involving China, Korea, Japan, and Taiwan as a unique and important research area for corporate social responsibility (CSR). Following this, there is a brief review of three traditional Chinese philosophies, namely Confucianism, Legalism, and Taoism, and their influence in East Asia throughout history. Lastly, this chapter overviews the three studies which form the basis of the thesis and shows how they integrate together to solve the research questions that the thesis seeks to address.

Research Background and Objectives

Theoretical Development of CSR

Early work on CSR dates to the mid-20th century. Dodd (1932) stated that “several hundred years ago ... our law took the position that business is a public profession rather than a purely private matter” (p. 1148), and in turn that “society may properly demand that it be carried on in such a way as to safeguard the interests of those who deal with it” (p. 1162). Bowen (1953, p. 6) also explained the responsibility of business is to “pursue those policies, to make decisions, or to follow those lines which are desirable in terms of the objectives and values of society”. At an early stage, the idea of CSR was challenged by shareholder value theory (SVT), which argues that the only social responsibility of business is making a profit, maximizing the shareholder’s value, within the legal frameworks and the ethical customs of the relevant country (Friedman, 1962); SVT aligns with agency theory, which assumes that business owners are the principals and managers are the agents, and the latter bear fiduciary duties towards the former (Ross, 1973). The idea of CSR has been extensively discussed in the field of management in the past decades (Lockett, Moon, & Visser, 2006). Aguinis (2011, p. 855) defined corporate social responsibility (CSR) as: “Context-specific organizational actions and

policies that take into account stakeholders' expectations and the triple bottom line of economic, social, and environmental performance." A variety of theories, from different perspectives, seek to understand the motivation for, and behaviour of, organizations undertaking CSR.

Many theories have emerged to justify the need for CSR. Legitimacy theory assumes that society grants legitimacy and power to business, and that therefore those who do not use that power in a manner which society considers responsible will tend to lose it (Davis, 1973). Freeman (1984) proposed stakeholder theory as a strategic managerial approach that broadens the fiduciary duties of a corporation beyond shareholders to consider a wider range of stakeholders (such as employees, customers, suppliers, and communities) who will affect and be affected by the conduct of the business. Stakeholder theory demonstrates strong descriptive accuracy, instrumental power, and normative validity (Donaldson and Preston, 1995), which has led to the widespread use of the theory in CSR studies to investigate how business engages with its constituency (Garriga & Melé, 2004).

Similarly, corporate social performance (CSP) is characterized by an emphasis on the idea that, apart from wealth creation, corporations also have to respond to social expectations and have a concern for social needs (Wood, 1991). Corporate citizenship, which has frequently been used as an alternative term to CSR, was proposed as a metaphor to suggest that businesses are members of society (Matten, Crane, & Chapple, 2003; Moon, 2005). Some have argued that while the term "corporate social responsibility" conveys the message that social responsibility is an external issue, using the term "corporate citizenship" changes the normative understanding to one in which a corporation, as a "citizen" of a society, should interact with other members within the society (Windsor, 2001). More recently, the concept of creating shared value (CSV) requires companies to connect their successes with societal improvement in order to serve social needs, enhance efficiency, identify differences, and expand into new

markets (Porter & Kramer, 2011). CSV fundamentally resets the boundaries of capitalism in a way which not only seeks to improve a company's competitive advantage, but also strives to create a healthy community surrounding it (Strand, Freeman, & Hockerts, 2015).

Objectives of the Thesis

Undeniably, Western originated theories on CSR have made profound contributions in establishing the idea that corporate responsibility should extend beyond the economic concept of profit to include social and environmental concerns (Garriga & Melé, 2004). It is now commonly accepted in academia and in practice that environmental and social concerns are unavoidable in achieving sustainable development (Aguinis & Glavas, 2012; Scherer & Palazzo, 2011; Visser, 2011). However, CSR can take different forms and is expressed in a myriad of different ways which vary from company to company, and country to country (Baughn, Bodie, & McIntosh, 2007; Marquis, 2007; Matten & Moon, 2008).

Studies rooted in institutional theory have examined how institutional mechanisms shape an organization's socially responsible behaviours (Brammer, Jackson, & Matten, 2012; Hofman, Moon, & Wu, 2017; Matten & Moon, 2008). Some have argued that different orientations toward the fundamental values of "freedom" and "equality" and different legislative systems will lead to very different political ideologies, and ultimately affect stakeholder power and influence corporate behaviour (Clarkson, 1995). Strong state regulation, collective industrial self-regulation, monitoring by NGOs and other independent organizations, and a normative institutional environment are prerequisites to encourage CSR behaviour (Campbell, 2007). Furthermore, comparative study of CSR practice between the USA and Europe has demonstrated that institutional theory allows CSR to be explored and compared within broader national business systems (Matten & Moon, 2008). It is believed that differences in CSR

between countries are due to a variety of long-standing and historically entrenched political, financial, educational, and cultural institutions and frameworks (Brammer et al., 2012). Studies have argued that the institutional, cultural, and philosophical backgrounds have been neglected when applying Western-developed theories and concepts in management research and practices in certain contexts (Barkema, Chen, George, Luo, & Tsui, 2015; Clarkson, 1995).

It can be seen that the concepts and assumptions which underlie it emanate almost entirely from a Western-based paradigm which has been considered to be in part a direct response to institutional pressures in these economies (Broomhill, 2007; Jones, 1999). A study reviewing the institutional conditions in China concluded that CSR was largely only found in State Owned Enterprises (SOEs), and is unlikely to emerge among private businesses as a result of certain institutional constraints (See, 2009). It has been argued that the rule of law and other explicit and implicit institutional factors which are found in Western-based capitalist contexts provided the solid legislative framework for stakeholder's interests and legal compliance, and that these are not yet established in China (Snell & Tseng, 2003; Xu & Yang, 2010). National cultural dimensions, such as individualism/collectivism and power distance (Hofstede & Bond, 1988; House, Hanges, Javidan, Dorfman, & Gupta, 2004), have also been widely examined in looking at CSR in East Asia compared to the different approaches in the West. These cultural dimensions have been found have profound influences on ethical perception (Gift, Gift, & Zheng, 2013; Whitcomb, Erdener, & Li, 1998), managerial ethical judgements (Jackson, 2000), and the relationship between the perception of CSR and job choice intentions (Dawkins, Jamali, Karam, Lin, & Zhao, 2016). East Asian people tend to work overtime to achieve organizational goals and are willing to sacrifice their self-interest for collective success, a situation very distinct from the individualism and labour rights found in Western ideology (Chen & Chung,

1994; Kang, Matusik, & Barclay, 2017). Nevertheless, one important factor being overlooked in current literature is the influence of long-standing philosophical ideas in East Asia.

Moreover, the term Corporate Social Responsibility (CSR) was initially advocated as a macro-level concept that assumes broader responsibility for the corporation that goes beyond profit maximization. Extensive studies have undertaken macro level analysis including CSR and financial performance, corporate governance, and stakeholder management strategy (Aguinis & Glavas, 2012). Nevertheless, micro-level understanding, including employee perception of CSR is largely underexamined. Employees are a key organisational stakeholder group that plays an important role in contributing to the success of CSR strategies and overall CSR performance (Rupp, Ganapathi, Aguilera, & Williams, 2006). Philosophies are an important part of an individual's value system that guide perceptions and behaviours toward CSR issues at work. Therefore, this thesis specifically examines traditional philosophical values and how these values impact CSR perceptions and willingness to take actions on certain CSR issues.

This thesis seeks to advance the emerging field of CSR studies in East Asia with a philosophical focus. The goal is to clarify the philosophical foundations of CSR in East Asia through both empirical examination and theoretical development to achieve a better understanding of the role of philosophies in driving CSR in this region. Increasingly, studies argue that CSR in East Asia represents an “ethically driven” style that primarily relies on moral values and ethical foundations based on long-standing philosophical, ethical influence (Chia et al. 2007; Yin & Zhang, 2012; Kim et al. 2013). Through a recent review of CSR literature in Asia, Kim and Moon (2015) also conclude that ethics and morality are indispensable attributes for Asian concepts of business. East Asian thought, in particular, emphasizes the internal truth which represents the cultivation of morals and virtue, senses and sensibility of right and wrong (Mou, 1983). It is believed that being ethical and the virtues highlighted by Confucian teachings are

the primary drivers of CSR in China rather than market, legal, and political drivers (Wang and Juslin. 2009).

More specifically, then, this thesis attempts to achieve three goals through three independent studies exploring CSR in East Asia. The first goal is to map out the literature landscape on CSR in East Asia, through a systematic literature review (Chapter 2), to identify the underlying key philosophies in the field. The second goal is to find out how people's philosophical values are associated with their attitudes and behaviours towards CSR and their impact on CSR (Chapter 3). Moreover, this study also wants to investigate how this relationship between philosophy and CSR can have different associations for people from the four different East Asian societies. The final goal (Chapter 4) is to develop a comprehensive framework that integrates the three philosophies and operationalizes the interrelationship between philosophies while highlighting the importance of context. The three studies combine to achieve the ultimate goal of the thesis: providing a new perspective on our understanding of CSR in the East Asian context.

Research Context

This thesis limits its research context to East Asia – specifically, Mainland China (hereafter “China”), South Korea (hereafter “Korea”), Japan, and Taiwan – to gain a deeper understanding of CSR in this region. The four countries are geographically close and also share similar cultural traditions spanning thousands of years, including recent trends toward modernization and Westernization (Baumann et al., 2018). All four countries have experienced rapid economic development in recent decades. Japan, Korea, Taiwan, and Hong Kong were labelled the “Four Dragons” in Asia due to their rapid economic advancement in the 1980s. Mainland China has followed suit, due largely to the economic reform policy initiated under Deng Xiaoping in 1978, leading it to become the world's second-largest economy in 2012. Studies claim that Confucianism's cultural roots within East Asia played a large part in the

areas economic development (Hofstede & Bond, 1988). The East Asia region therefore represents a unique research context for this thesis to examine whether traditional philosophical values still play an important role at the individual level in this modern management issue of CSR. This section introduces the way in which the East Asia region has been influenced by traditional Chinese philosophies in history and the impact of this on current cultural and business traditions.

In the CSR literature, the majority of studies have been conducted in Western contexts, with a focus on US and Western European markets (Matten & Moon, 2008; Yin & Quazi, 2016). During the processes of modernization and globalization, Western political, economic, and educational systems were widely adopted by other countries to build efficient and just institutional settings for business and social activities (Baumann, Winzar, & Fang, 2018; Hill, 2000). However, scholars with a focus on Eastern contexts have found a strong ethically driven corporate style underpinned by long-standing religious and philosophical influences, rather than simply a copying of Western-established theories around CSR (Bouvain, Baumann, & Lundmark, 2013; Kim & Moon, 2015; Yin & Zhang, 2012). Therefore, it is a matter of great importance and interest to have a thorough examination of CSR in East Asia, considering the area's importance in the global economy and also its philosophical and cultural traditions, different from those of the West (Kim & Moon, 2015; Barkema et al., 2015).

Not surprisingly, China has attracted the most attention, because of its remarkable economic success and unique political and business systems (Hofman et al., 2017; Yin & Quazi, 2016). From an institutional perspective, China has extensive media control and censorship, unfavourable policies and laws for the establishment and management of non-governmental organizations (NGOs), high level of government ownership in listed companies, and a lack of rewards, such as tax incentives and socially responsible investment funds, for CSR (See, 2009).

These institutional conditions have been considered as unfavourable for allowing CSR to flourish among private businesses in China (Campbell, 2007; See, 2009). However, one important factor overlooked by See (2009) is that of ethical drivers for CSR. Studies have found that even under the weak or absent institutional factors in China, some private businesses show more responsibility than SOEs, as CSR can signal a private company's competence, and gain it trust from the local community and the government (Chen, 2007; Yin & Zhang, 2012). This type of ethical driver is claimed to be the primary reason that organizations undertake CSR in China, emerging from the historical roots embedded in Confucian philosophy which emphasize business morality and virtue (Wang & Juslin, 2009). Traditionally, Chinese businessmen, especially those from Shanxi and Anhui provinces, have realized their responsibility for society and contributed their wealth to develop social welfare, for example by building shelters and schools for the poor, and developing infrastructure to benefit local communities (Lin, 2010).

It is worth noting that philosophies originating in China have also had a significant influence, through a long history of interaction, on two neighbouring countries, Japan and Korea. Taoism was introduced by Chinese monks and became a prevailing ideology in Korea during the reign of King Kunch'ogo of Paekche (AD 346–374); it emphasized a harmonious relationship between human and nature (Ch'oe, 1978). Taoist thought and rituals were also introduced to Japan via Korea during the time of the Kingdom of Paekche (Song, 1986). Minoru (1988) has also argued that some Japanese cultural traditions and contemporary festivals have their origins in Chinese Taoism. Taoism is characterized by the philosophy of natural spontaneity, and its influences were submerged into the daily practices of people's lives unconsciously (Song, 1986).

During the more than 500 years of the Yi dynasty in Korean (1392–1910), Confucianism was introduced as the official philosophy and set the basis for morality (Ch'oe, 1978). The specific emphasis on “filial piety” and respect for the elderly have been the outstanding characteristics of Korean Confucianism (Moon, 1992). Taoism, Confucianism, and Buddhism reached a reconciliation in Korea “not by eliminating the particularity of each part, but by enhancing the characteristics of each part so as to create a mutually interacting relationship” (Song 1986, p. 17).

In Japan, Confucian ideology was officially introduced during the Tokugawa Shogunate (1603–1867), and developed to form the national thought in the later Meiji Government (1868–1911). Confucian ideas were used to advocate nationalism, by claiming that the relationship between the emperor and the people was comparable to that of father and son, and in this way emphasizing loyalty (Tamai and Lee, 2002). However, Confucianism was banned in Japan after World War II, and the US re-established the social and institutional systems using Western frameworks. Traditional values have been diluted due to the wave of westernization, according to Tamai and Lee (2002): the shapes and forms of Confucianism in Japan have become vague and the role of Confucian values is also on the decline.

Nevertheless, the ethical traditions embedded in these Chinese philosophies have been resilient in Japanese and Korean societies throughout history, and are reflected in their organizational CSR policies and practices. For example, Japan’s proactive concern with environmental and social issues, often regarded as a result of the global adoption of CSR by management, was actually “already in existence” within Japanese businesses (Fukukawa & Teramoto, 2009, p. 143). The traditional Eastern idea of harmony between humans and nature has been a long-standing value held in Japan, and it corresponds to concerns for environmental conservation

(Fukukawa & Teramoto, 2009); and the Japanese concept of *kyosei* which underlies the notion of a corporation acting for society and business ethics found its conceptual roots in Confucianism (Boardman & Kato, 2003). It has been claimed that Confucianism has contributed to normative ethical values for business ethics in Japan, although without necessarily covering the whole picture of modern views on ethical leadership (Kimura & Nishikawa, 2016). Korean society also upheld the Confucian notions of right and wrong and an emphasis on virtue, which have been considered to prescribe the normative and cognitive pressures for Korean companies to undertake CSR (Kim et al., 2013).

When it comes to Taiwan, despite the recent decades of political separation from China, it is undeniable that Taiwan historically shares the same cultural and philosophical traditions as China, and that they can still be observed in modern-day Taiwan (Cheung & Chow, 1999). In the process of modernization and westernization, Taiwan has also shown a strong Chinese philosophical influence, from Confucianism in particular, that manifests in its business practices (Baumann et al., 2018; Ip, 2008). Even though Confucian familism emphasizes family or group interests which can nurture or support crony capitalism, moral leadership and ethical behaviour have been critical counterbalances for the corruption pervasive in Taiwan (Ip, 2008). Equally, Taiwanese enterprises operating in the East Asian business context have been found to have a strong ethical inclination towards environmental and social issues (Wu, 2001).

In the light of the above review of East Asia as a research context for CSR, it is obvious that the influence of ethics and philosophy is an unavoidable factor to be considered for CSR studies within this region. Therefore, it is of great importance and interest to examine East Asia as a unique context in investigating the ethical mechanism for CSR. The growing number of CSR studies in East Asia which focus on philosophical and cultural factors, beyond institutional factors, show that these deserve a thorough examination, the ultimate goal of this thesis.

The Three East Asia Philosophies

This thesis examines traditional Chinese philosophies and explores their implications for CSR in East Asia context. Five schools of Chinese cultural traditions were identified that have had a significant impact on management thought in China, namely Confucianism, Taoism, Buddhism, Legalism, and Sun Tsu's 'Art of War' (Pan, Rowney, & Peterson, 2012). The Buddhist religion converges to a degree with Taoist values, as both espouse conflict avoidance and the need to follow 'mother nature' (Pan et al., 2012). Given that's its philosophical basis is a subset of its overall explicit religious designation, Buddhism was excluded from this thesis, and focus placed on examining the values of its philosophical equivalent, being Taoism. The Art of War emphasizes competition and tactical thought and action to win in battle. It is often applied to marketing and business strategy but was excluded for the purpose of this thesis given its focus on tactics as opposed to philosophy. The remaining three philosophies, Confucianism, Taoism, and Legalism, have been explored in contemporary leadership context and implicit linkages found with Western-originated leadership theories (Ma & Tsui, 2015). Thus, this thesis focuses on the three most important Chinese philosophies and examines their implications for CSR perceptions at the individual level in East Asia. This section provides a brief introduction of Confucianism, Legalism, and Taoism, and their key philosophical propositions. More detailed and specific implications of these for CSR will be presented in the studies in the following chapters.

Confucianism

Confucianism is a major school of philosophy that emerged during a chaotic period in China from the fifth through to the third century BC. Confucianism offers profound insights into the relationship between the individual and society. Confucianism emphasizes the cultivation of virtue, character, and behaviour, using moral principles rather than punishment as the basis for

governing people (Chan, 1969; Pan, Rowney, & Peterson, 2012). Confucianism has guided Chinese culture since its inception and continues to have a profound impact on Chinese society and beyond (Baumann, Hamin, & Yang, 2016; Baumann et al., 2018; McDonald, 2012).

Confucius, the founder of *Ru* (now known as “Confucianism”), was the first teacher in Chinese history to make education available to ordinary people (Fung, 1997). He is the most recognized of all Chinese philosophers, advocating benevolence (*Ren*) and righteousness (*Yi*), with the essence of *Ren* being “loving others”. A man who can love others “is one able to perform his duties in society ... [based on what one] ... ought to do, and which must be done in a moral way” (Fung, 1997, p.42). Confucian ideas were recorded in the classic *Analects*. “Do not do to others what you do not wish yourself” (XII, 2) is the core meaning of *Ren*; “The man of *Ren* is one who, desiring to sustain himself, sustains others, and desiring to develop himself, develops others. To be able from one’s own self to draw a parallel for the treatment of others” (VI, 28) is the way to practice *Ren* (Waley, 2005).

Mencius (371–289 BC) is an eminent scholar who consolidated Confucianism by answering the question of why people should act in a *Ren* fashion. He is most noted for his theory on the innate goodness of human nature (Fung, 1997). Mencius represents the idealistic wing of Confucianism, and he divides Confucianism into “four moral sprouts” as the basis for the existence of human beings and the origin of diverse human feelings such as *Ren*, *Yi*, *Li*, *Zhi*, and *Xin*. As Wen (2012) illustrates: First and foremost is “the feeling of commiseration”, the motivation for good deeds as human beings naturally have empathy for the weak and helpless; “commiseration” represents the feelings of sympathy, understanding, and caring which form the moral foundation for every human being. Second, the “awareness of shame and distaste” means that humans are inherently self-conscious about their wrongdoings. Third, the “sentiment of modesty and yielding” is the fundamental Confucianist guideline regarding

human speech and action; it reflects being “middle” and not “extreme”. Fourth, a “sense of right and wrong” represents the wisdom to judge human affairs.

Legalism

Chinese Legalist philosophy is another important school of thought shaping Chinese culture. Chinese Legalism is also different to that of Western Legalism not only in its the geographical origins but also in its theoretical foundations (He, 2011). Chinese Legalism developed from its debate with Confucianism about the function of coercive and codified laws to rule people. Its main premise, however, is in many aspects in direct contrast to Confucianism, although this does not make it incompatible within an integrated model of CSR. The fundamental difference between the philosophies lies in the essence of human nature. Xunzi (313–238 BC), the founder of *Fa Jia* (“school of Legalism”), believed human nature to be essentially evil, because people were born to pursue their own self-interest (Fung, 1997). Therefore, Chinese Legalism philosophy proposes that rulers should construct laws to motivate people to act in a rewarding way and avoid punishment (He, 2011). Western Legalism, on the other hand, is a modern ideology characterized by legalistic attitudes, normative behaviours, and the justification for following rules (He, 2011). Therefore, the term “Legalism” used in this thesis refers to the Chinese philosophy of Legalism, which held opposing views to that of Confucianism regarding how people should be guided, rather than Legalism as understood through the modern Western concept.

Hanfei (280–233 BC), a student of Xunzi, inherited the idea that human nature is evil with “a mind of self-interest” (Fung, 1997). Thus, instead of ruling the country by *Ren* as Confucianism proposed, Hanfei as the great synthesizer of Legalism argued for powerful control, legal regulation, and the art of rulership (He, 2011). The three core concepts of Legalism became

Shi (power or authority), *Fa* (law or regulation), and *Shu* (the method or art of ruling and handling). Hanfei's theory specified that a ruler has to be a leader with substantial power (*Shi*) before being able to use law (*Fa*) and management strategy (*Shu*) to rule people (Hwang, 2013). The ruler should follow "the order of heaven", "the fundamental principle of nature", or "the natural way", and a smart leader should study carefully the principles of nature operating within the state, and use them as the foundation for constituting rules – "the way of the sovereign" (Fung, 1997). Because "law is used for regulating (the) ordinary operation" of a state, it must be characterized by certain important features: publicity, objectivity, feasibility, enforceability, and universality. Furthermore, all rules should be constituted on the basis of equity, or *gongdao*, to ensure that people are willing to follow them without complaint; this is the principal feature of Legalism (Hwang, 2013).

During the Qin Dynasty (209–221 BC), the first unified Chinese empire in history, Legalism was widely applied in order to produce standards and regulation, which would form a strong bureaucracy to replace the old feudal aristocracy (Fung, 1997; Pan et al., 2012). As Lord Shang, the prime minister of Qin and a follower of Legalism argued: "When the guiding principles of the people become unsuited to the circumstances, their standards of value must change. As conditions in the world change, different principles are practiced" (Fan, 2001, p. 79). Government institutions continued to be built, used, and developed by respective dynasties until the 1912 foundation of the Chinese Republic which formally ended feudalism.

While it is an important component of Chinese philosophy, Legalism has been studied far less in CSR studies than either Confucianism or Taoism. The fundamental difference between Legalism and the other two philosophies lies in its understanding that human nature is essentially evil and unchanging, and that therefore rules are required to establish rigorous laws with rewards and punishments to make sure people act appropriately (Fung, 1997). Fang (2012)

also indicated the “Yin and Yang” aspects of Chinese culture which emphasizes the coexistence of soft and hard, weak and strong values. It was claimed that Confucianism and Taoism were likely to contribute to the outside impression on Chinese culture of being “mild, kind-hearted, and courteous” (Pan, Rowney, & Peterson, 2012). Legalist philosophy was regarded as an effective instrument for consolidating the hierarchical social system prescribed by Confucianism (Ch’ü, 1965). Confucianism and Legalism complement each other to create a comprehensive construct of Chinese philosophy.

Taoism

Taoism (or Daoism) has been a major philosophical influence on Chinese culture: “without Daoism there is no Chinese culture as we know it today” (Ip, 2013). The classic *Daodejing*, of only 5000 words, is perhaps one of the few widely known classics in Chinese communities over the globe. Taoism as a philosophy purports that human behaviour and development should follow *Dao* – “the origin and fundamental principle of operation for everything in the universe”, as it is explained in *The Book of Changes* or *Yijing* (Fung, 1997). The cardinal doctrine of Taoism can be understood through the spirit of “water”, which looks soft and feeble yet is persistent, adapting to whatever shapes it comes across (Hennig, 2017; Ip, 2013; Lee, Haught, Chen, & Chan, 2013).

Laozi, the founder of Taoism, lived almost at the same time as Confucius, but does not support the Confucian idea of *Ren*, *Yi* and *Li* (Fung, 1997). Laozi believed that things change, but that the *Dao* underlying these changes remains unchanged. Thus, one must understand the underlying *Dao* and behave according to this law in order to turn everything to one’s benefit (Fung, 1997). Taoism pursues the harmonious complexity of natural ecosystems and claims that the relationship between human and nature is reciprocal and retributive (Chan & Lau,

2000). Taoism proposes that nature works harmoniously according to its own ways and that human should not try to harm and master it. If human is detrimental to nature, then “mother nature” will retaliate through natural disasters; human activities must be consistent with nature; and over-exploitation will destroy the harmonious balance (Chan & Lau, 2000). In general, Taoism provides an ancient concept of sustainability, the idea that people need to respect nature and learn to adapt to or even integrate with it (Fung, 1997).

In sum, these three philosophies, though each has different propositions for how people should behave, have guided the people of East Asia for thousands of years (Tu, 1984, 2009; Tung, 1994). During the processes of westernization and modernization, these ancient wisdoms have been resilient in guiding people’s attitudes and behaviours, and business practices and research cannot ignore this (Baumann et al., 2018). Therefore, the three philosophies are not independent of each other but rather have an underlying interlocking relationship that are complimentary, thereby forming a comprehensive value system. This thesis therefore attempts to construct an integrated philosophical model pillared by the three philosophies, to guide employee attitudes toward, willingness to act for, and their perceived impact on, CSR related issues in the workplace.

Thesis Overview

In this section, I introduce the three studies that make up this thesis, and provide an overview of the specific research questions each study addresses and the methodologies which it applies. Table 1.1 gives a summary of this.

Table 1.1 Overview of three studies of the thesis

Theoretical and Empirical Examination of Corporate Social Responsibility in East Asia: Implications from Confucianism, Legalism, and Taoism		
Chapter 2 (Study 1): Corporate Social Responsibility (CSR) in East Asia: Visualizing the Latent Themes and Connections between Semantic Concepts	Chapter 3 (Study 2): Philosophical Values and Employees' Corporate Social Responsibility (CSR) Attitude, Behaviour, and Impact: An Examination among China, Japan, Korea, and Taiwan	Chapter 4 (Study 3): A Philosophical Approach to Corporate Social Responsibility (CSR) in East Asia: The Integration of Confucianism, Legalism, and Taoism
Research questions: <ul style="list-style-type: none"> • What does the landscape of CSR in East Asia look like? • What are the key concepts and latent themes in the literature on CSR in East Asia? 	Research questions: <ul style="list-style-type: none"> • How does personal value orientation influence employee attitudes towards CSR? • How does personal value orientation influence employee behaviours around CSR? • How does personal value orientation influence employees' impact on CSR? • How does ethnicity moderate the relationships between philosophical values and CSR outcomes? 	Research questions: <ul style="list-style-type: none"> • What is the role each philosophy plays in the field of CSR? • How can the interrelationship between the philosophies be operationalized? • What is the role of context in the relationship between philosophical values and CSR outcomes?
Design/methodology: Systematic literature review using co-citation and content analyses.	Design/methodology: Empirical paper based on survey data collected from full-time employees in China, Japan, Korea, and Taiwan. Stepwise regression is used to explore the most parsimonious model in explaining employee CSR outcomes.	Design/methodology: A Venn diagram is applied in explaining the interdependent relationship between the three philosophies. The ReVaMB model is applied in CSR and highlights the moderating role of context with multilevel factors.

Chapter 2 – Corporate Social Responsibility (CSR) in East Asia: Visualizing the Connections and Interactions of Latent Themes and Semantic Concepts (Study 1) – systematically investigates 219 papers published between 1997 and 2017 which focus on CSR in East Asia. Through the method of co-citation, this study maps out five major themes and their connections within the literature. Content analysis is also used, and reveals the key concepts of CSR studies East Asia and the relationships between these concepts. This study

introduces the method in for reviewing the literature that visualizes the field by presenting the key themes and concepts. In addition, it is found that philosophically focused studies form a unique cluster, and reveals Confucianism, Taoism, and Legalism as the three key philosophies underpinning ethics-focused CSR studies.

Chapter 3 – Philosophical Values and Employees’ Corporate Social Responsibility (CSR) Attitude, Behaviour, and Impact: An Examination among China, Japan, Korea, and Taiwan (Study 2) – is an empirical study based on 1,038 items of survey data collected from East Asian employees. Philosophical value measure and a CSR scale applicable to individuals are developed, and these capture six philosophical values (*Benevolence, Confucian dynamism, Rule by law, Obedience, Water-like personality, and Nature-human harmony*) and three CSR dimensions (attitude, behaviour, and impact). Through stepwise regression analysis, this study presents the most parsimonious model with significant philosophical values that drive the CSR outcomes. The findings of the study contribute to the literature a way to conceptualize the three philosophies and enrich individual-level CSR studies by revealing the significant philosophical drivers.

Chapter 4 – A Philosophical Approach to Corporate Social Responsibility (CSR) in East Asia: The Integration of Confucianism, Legalism, and Taoism (Study 3) – proposes an integrated philosophical approach to CSR following the logic of a Venn diagram. This study also suggests a way to operationalize the overlaps of the philosophies through their interacting relationships, with potential moderating or mediating effects. A ReVaMB-CSR theoretical framework is also suggested by including the philosophical values and their interaction effects as the relative values that drive CSR outcomes. This study contributes to the literature by presenting the possible interaction effects between philosophies and also by introducing a number of moderating factors relevant for various levels of analysis.

The final chapter, Chapter 5, summarizes the key findings of the thesis and also discusses the theoretical contributions made by the thesis to the CSR literature, as well as the practical implications which extend the findings of the thesis to CSR management practices in East Asia. This chapter also presents some limitations of the study and suggestions for future research.

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Chapter 2: Corporate Social Responsibility (CSR) in East Asia: Visualizing the Latent Themes and Connections between Semantic Concepts

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Abstract

Purpose: Corporate Social Responsibility (CSR) in the East Asia region has attracted attention within academic literature due to its unique cultural and economic landscape compared to that of Western societies. This paper aims to provide an objective, systematic, and holistic review of CSR literature focusing on the East Asia region, to uncover the connections among latent themes in the literature and to identify interactions between the semantic concepts underlying the field.

Design/methodology/approach: An inductive methodology of co-citation and content analysis is used to analyse 219 papers on CSR in East Asia published between 1997 and 2017.

Findings: After mapping the literature on CSR in East Asia using co-citation analysis, 148 key articles were revealed and spread into five major clusters. *General CSR studies* cluster attracts largest number of studies, *Cross-cultural studies of CSR* and *CSR studies with a focus on Ethics and philosophical values* were two distinct clusters within the literature. A further content analysis process generated key themes such as *CSR*, *Corporate*, *Ethical*, *East Asia*, and *Confucianism* which underlie CSR studies in East Asia and parallel with the co-citation results.

Originality/value: This paper for the first time visualizes the connection and interaction of literature on CSR in East Asia through a network-based literature review methodology. The three fundamental philosophies – Confucianism, Taoism, and Legalism – are also revealed and postulated to provide a unique framework for examining what shapes CSR within an East Asian context, providing a basis for further theoretical and empirical research.

Keywords: CSR; Chinese philosophies; co-citation analysis; content analysis; East Asia; ethics; Leximancer

Introduction

There is a growing literature in management research focusing on Asia due to its increasing economic importance and unique cultural traditions (Barkema et al., 2015; Hofstede, 2007; Meyer, 2006; Tsui, Nifadkar, & Ou, 2007). Given the economic and social transformation of many Asian countries over the last 30 years, the region's unique cultural traditions and their role in the development process have been the subject of increasing attention from CSR researchers (Kim and Moon, 2015), and Asian-based CSR has been a significant focus of attention in the new millennium. A review of CSR literature in the Asian region has indicated that CSR studies in East Asia account for 73 percent of Asian CSR journal articles, with 13 percent looking at South East Asia and 14 percent at South Asia (Kim and Moon, 2015). Within the dominant East Asia cohort, China represents 70 percent of the outputs (Hofman, Moon, & Wu, 2017). This growing body of CSR studies in East Asia deserves a systematic review to achieve a better understanding of this field and its future directions.

From a geographic and ethnocultural perspective, East Asia refers to four countries: Greater China (including Mainland China, Taiwan, Hong Kong, and Macau), Japan, South Korea, and North Korea (Zhou, Lin, Nonaka, & Beom, 2011). However, given their prior history of colonization by the British and Portuguese, and consequent Western cultural influence, Hong Kong and Macau have not typically been regarded historically as part of the East Asia region (Zhou et al., 2011). While Mainland China and Taiwan have the same cultural origins, since the Qing Dynasty's full ceding of sovereignty to the Empire of Japan, Taiwan (then Formosa) has followed a very different cultural and economic development path, through Nationalist one-party rule following World War II, to ultimate full democracy. Therefore, Taiwan is a unique context in the East Asia region and needs to be analyzed separately from Mainland China. Academic literature and data from North Korea are, to a large extent, unavailable. Thus,

for the purposes of this study, East Asia refers to four areas: Mainland China (hereafter “China”), Taiwan, Japan, and South Korea (hereafter “Korea”). East Asia shares similar economic, social, and cultural characteristics that provide a unique context for the study of CSR (Chung, Eichenseher, & Taniguchi, 2008; Miles, 2006).

Previous literature review studies have examined the “salience”, “focus”, and “nature” of CSR research in the field of management in general (Lockett et al., 2006) and in the Asian region at large (R. C. Kim & Moon, 2015). Unsurprisingly, China has attracted the most attention, because of its remarkable economic success and unique political and business systems (Hofman et al., 2017). Similar methods have been applied to examine the CSR literature relating to China (Moon & Shen, 2010) and Greater China in particular (Yin & Quazi, 2016). However, what has been neglected are CSR studies in Japan and Korea. These two countries play important roles in the global economy and also share cultural traditions with China, especially the influence of Confucianism, being regarded as operating within the “Confucian orbit” (Baumann, Hamin, Tung, & Hoadley, 2016). It would clearly be of interest to examine how CSR research in Japan and Korea together with that in China and Taiwan, as a whole East Asia region demonstrates any unique foci within the literature.

Previous studies mainly use the method of content analysis through keywords search which fail to uncover the underlying interconnections of each article. The traditional content analysis review method treats each article independently, but articles in the same field are often closely related with each other that form latent themes in a specific area. Identifying underlying relationships among key studies will help CSR researchers understand the current state of research in the area, enabling future research to better comprehend the ‘bigger picture’. Thus, in this paper, I apply co-citation analysis (Gmür, 2003) and content analysis (Smith &

Humphreys, 2006) methods using modern analytical tools to reveal the key themes and concepts in the CSR literature with a focus on the four East Asian economies. Compared to a traditional literature review, this study visualizes the connections and interactions of current CSR studies and reveals how philosophies penetrate CSR studies in East Asia. Three philosophies, namely Confucianism, Legalism, and Taoism, emerge from the CSR literature East Asia and show strong connections with CSR themes and concepts. The co-citation analysis generates a network map of articles, which indicates the theoretical core of a field and uncovers latent themes in the literature. Content analysis, on the other hand, shifts the level of analysis from authors and their citations to the specific words used in each article. This content-driven review process complements the reference-based co-citation analysis by presenting interactions among the key concepts. By combining the strengths of the two methods of analysis, this study systematically uncovers latent themes and concepts within the literature on CSR in East Asia. The connections and interactions can also be visualized through the latest analysis software, which generates network maps to provide a foundation for future research.

The following section introduces the literature review research methods of co-citation analysis and content analysis in more detail, and discusses how the corpus of articles was collected through a systematic literature search. Results are then presented and discussed through visualized conceptual maps. The three core Chinese philosophies that emerge in the CSR literature in East Asia and that show strong connection networks with CSR concepts are specifically discussed. Finally, the paper presents the empirical and theoretical implications for future studies, showing what is needed to address the gaps identified in the current literature CSR in East Asia.

Methodology

Co-citation Analysis

Co-citation analysis measures the frequency with which two publications are cited together, to provide an indicator of the affinity and proximity between them, and can be used in conjunction with a statistical tool to visualize patterns within a scientific discipline (Small & Greenlee, 1980; Small, 1973). Due to the rapid increase in the number of research articles generated in the natural and social sciences, co-citation analysis is considered as an effective way to group documents and identify clusters of articles that share a similar research focus within a particular scientific field (Cheng, 2016; Randhawa, Wilden, & Hohberger, 2016). Co-citation analysis reveals the otherwise often invisible relationships among authors, ideas, and research foci (Gmür, 2003).

The number of co-citations reflects the level of proximity of two related scientific articles (Gmür, 2003). This kind of proximity is visualized through two complementary methods to provide a richer and more detailed representation of the connection between publications. First, the proximity scores from the co-citation analysis are used to create a network graph (the software Gephi is utilized for this in the present article). Here, the relationships between publications are approximated by path length, and the size of each article bubble reflects the number of citations. Following this, the analysis uses a grouping algorithm based on the network structure to identify clusters of related articles. The analysis is performed at the level of references to examine the theoretical foundations and research streams within the literature.

Co-citation analysis has been used in previous studies in the field of business ethics and CSR. Uysal (2010) employed this method to investigate the scholarly communication patterns existing within the realm of business ethics journals published from 1988 to 2007, with a focus on accounting. Ma (2009) also used co-citation analysis to provide an overview of business

ethics research (1997–2006) and to outline potential future research directions. Recently, a new software tool Gephi has been developed to process this interrelationship within literature and this has been applied in investigating management disciplines, such as in recent studies on innovation (Randhawa, Wilden, Hohberger, 2016), and on tourism and hospitality (Cheng, 2016). This approach is applied here for the first time to discover the complex relationships in the literature CSR in East Asia, allowing us to see the underlying “invisible” clusters that refer to each other and which form a certain pattern of the discipline.

Content Analysis

Based on the co-citation analysis, we can visibly see the connections and influences of key articles that form the primary research field in CSR studies in East Asia. From this, it is then possible to undertake “text mining”, a content analysis, to move the focus from the authors and their citations to the specific words used in each CSR article in East Asia.

Text mining is a holistic, objective, and systematic analysis that can reduce the subjective bias of traditional literature review approaches (Smith & Humphreys, 2006). It has generated impressive results across many research fields, including tourism and hospitality management (Cheng, 2016), psychology (Cretchley, Rooney, & Gallois, 2010), and health care (Smith & Humphreys, 2006). In the data analysis here, a relatively straightforward but powerful content analysis tool, Leximancer 4.0, is introduced to visualize and interpret complicated textual communication (Campbell, Pitt, Parent, & Berthon, 2011). The Leximancer analysis provides a visualized understanding to the researcher through a text-driven conceptual map and shows co-relationships between the main concepts within the text data (Leximancer, 2011). Before undertaking the Leximancer analysis of the data, a pre-analysis cleaning process was conducted to delete author information, tables of numbers, and references, to obtain better results (Cheng, 2016).

Leximancer 4.0 has two stages of text mining. Firstly, a “semantic” analysis which learns concepts according to the words that appear most frequently within certain text contexts. Then, more importantly, a “relational” analysis between the concepts to define and cluster them into themes (Randhawa et al. 2016; Smith & Humphreys 2006). This text mining method “exhibits high reliability and reproducibility of concept extractions and thematic clustering, without the problems of expectation biases inherent in manually coded text analysis or expert-based systematic reviews” (Randhawa et al. 2016, p. 745). After the text mining, the output is a map presented with dots (the concepts) and circles (the themes). It is based on frequency of occurrence and relationships, where the brightness of a circle represents the importance of a theme while the size of a circle shows how many concepts are clustered; concepts that have a strong semantic relationship are mapped closer or even overlap (Leximancer, 2011). Leximancer is considered suitable for sophisticated exploratory research such as the present research, which aims to explore the key Chinese philosophical concepts that relate to CSR in East Asia.

Traditional content analysis requires extensive manual coding and intercoding and reliability tests (Weber, 1990). The unsupervised nonlinear dynamics and machine learning algorithms in Leximancer reduce both the time required to undertake the content analysis and the potential bias of human decision makers (Smith & Humphreys 2006; Campbell et al. 2011). Researchers, therefore, can focus on the interpretation of the key concepts and themes and their interrelationships, producing a holistic, objective, and systematic literature review (Smith & Humphreys, 2006).

The emerging use of Leximancer as an analytical tool has attracted the attention of researchers in the fields of CSR and business ethics. Chen and Bouvain (2009) applied this technique to compare significant differences in CSR reporting content across countries and industries, based

on the Leximancer concept maps. In a similar vein, a recent study by Einwiller, Ruppel, and Schnauber (2016) also revealed the convergence and divergence of CSR reporting across different countries. They extended the theoretical argument and enriched the empirical evidence of the country-specific reporting focus and the underlying institutional and cultural elements.

There have been calls to improve management research by applying methodologies from other disciplines to generate new concepts and theories (Barkema et al. 2015). The growing body of CSR literature in East Asia requires a holistic and systematic examination to obtain theoretical insights and offer directions for further empirical research. To address this, this paper extends prior studies by combining the methods of co-citation analysis and content analysis, which have rarely been used in CSR research, to visualize the latent clusters and key concepts underlying the CSR literature in East Asia.

Collecting the Corpus of Articles

Data collection for this paper follows a similar pattern to the study by Kim and Moon (2015), who collected articles from journals of Asian business and management. In order to allow an in-depth investigation of East Asia and further the research of Kim and Moon, we limited our search to papers specifically on East Asian countries as opposed to Asian countries more broadly. By following Kim and Moon (2015), this study selected journals according to the Chartered Association of Business Schools *Academic Journal Guide* (2015). Journals ranked “2 or higher” in the respective fields were selected for analysis. The field of “Asia journals of business and management” yielded the *Asia Pacific Journal of Management* (APJM), *Asia Pacific Business Review* (APBR) and *Asian Business & Management* (ABM). The field of “CSR journals” yielded the *Journal of Business Ethics* (JBE), *Business and Society* (BS), *Business and Society Review* (BSR) and *Business Ethics Quarterly* (BEQ). Given the intent to

limit the research to the region of “East Asia”, the initial search items in the above journals were “East Asia”, “China/Mainland China/Greater China”, “Taiwan”, “Korea/South Korea”, “Japan”. Moreover, CSR related key words followed that of Lockett et al (2006) and grouped by CSR thematic focus to delineate the CSR domains: Social (corporate social responsibility/social responsibility, philanthropy/phlanthropic, social performance, communituy, corporate citizenship), Environmental (environmental responsibility, environmental performance, sustainability, green, ecology/ecological, nature/nautral); Ethics (ethics, moral, value, virtue, ehtical, integrity), and Stakeholders (stakehoder/s, stakeholer theory, stakeholder management, accountability/accountable). A search was carried out across “All fields”, and articles published between 1997 and 2017 were selected.

Results were individually screened, eliminating studies that were not related to the foci of this study. In total, 219 papers were collected among CSR literature in East Asia (see the Appendix A for the number of relevant articles in each journal). As this study focuses on the geographical differences and correlations of the concepts generated from the CSR studies – rather than seeking to understanding the change over time of the focus, nature, and salience of the articles, as previous literature studies did (Lockett et al. 2006; Moon & Shen 2010) – the articles are not grouped by year of publication. For each of the 219 articles, the following were retrieved from Scopus: citation information of author(s), title, year, publication source, citation count, abstract, keywords, content of the full article, and references. A total of 10,197 references were retrieved for the co-citation analysis.

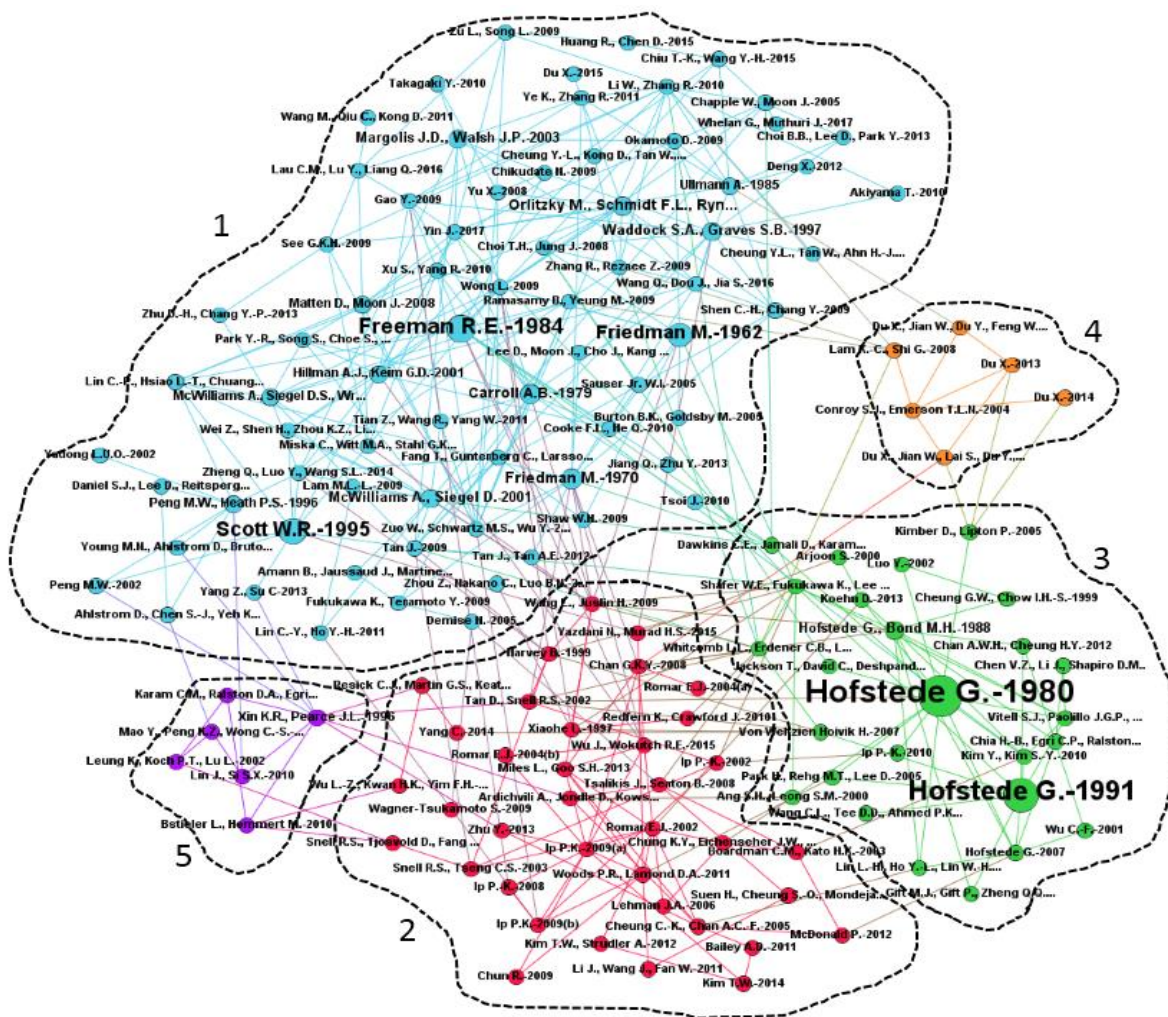
Data Analysis and Results

The Thematic Clusters of CSR Literature in East Asia

The co-citation network of the 10,197 references retrieved from 219 articles was analyzed by Gephi though calculating modularity using the algorithm by Blondel, Guillaume, Lambiotte,

and Lefebvre (2008). This has proved to be an effective way to detect and extract community structure from broad and complex networks, based on modularity optimization. The coloured map (Figure 2.1) reveals the focus of major themes in current CSR studies in East Asia, dispersed into several distinct clusters and discussed in details as follows.

Figure 2.1 Thematic clusters of CSR Literature in East Asia



1. General CSR studies
2. CSR studies with a focus on ethics and philosophical values
3. Cross-cultural studies of CSR
4. Studies on religion and CSR
5. Studies on *Guanxi* and CSR

Legend: The size of each node represents the number of citations received by that article; the bigger the node, the more often the article has been cited. The lines that link nodes show articles that are cited together; more lines congregated together means that articles are co-cited more frequently. To increase the readability of the map, it shows publications with more than 8 co-citations, i.e. the co-citation strength >8, which reduced the number of references here to 148 key foci articles.

The co-citation result reveal five clusters of research that focus on distinct themes manifest in five different colours. Studies that are closely related according to the modularity calculation algorithm congregate in the same cluster, as summarized in Table 2.1.

Table 2.1 Summary of Thematic clusters

Thematic Clusters	Short description	Representative studies
1. General CSR studies	Studies in this cluster mainly follow frameworks and theories on an organizational level, including stakeholder theory, agency theory, and institutional theory.	Chiu and Wang (2015); Lin et al. (2015); Peng (2002); Tsalikis and Seaton (2008); Tsoi (2010); Wong (2009); Xu and Yang (2010); Yin (2017); Zu and Song (2009)
2. CSR studies with focus on ethics and philosophical values	Studies in this cluster give special attention to ethical aspects of business in East Asia and explore the philosophical foundations of ethical business.	Boardman and Kato (2003); Ip (2009); Kim and Strudler (2012); Redfern and Crawford (2010); Romar (2002; 2004); Wang and Juslin (2009)
3. Cross-cultural CSR studies	Studies in this cluster focus on investigating cross-cultural CSR differences, comparing East with West, or differences among East Asian countries.	Cheung and Chow (1999); Dawkins et al. (2016); Jackson et al. (2000); Kim and Kim (2010); Whitcomb and Erdener (1998)
4. Studies on religion and CSR	Studies in this cluster specifically examine religion as a major CSR factor.	Conroy and Emerson, (2004); Du (2014); Du et al. (2015)
5. Studies on <i>Guanxi</i> and CSR	Studies in this cluster look at the indigenous concept of <i>Guanxi</i> and its impact on a number of CSR issues.	Bstieler and Hemmert, (2010); Leung et al. (2002); Mao et al. (2012); Xin and Pearce (1996)

General CSR studies

The largest cluster, Cluster 1 shown in blue in Figure 2.1 is that of *General CSR studies*. This area attracts the most attention in the current CSR literature in East Asia, and is composed primarily of Western-based theories and frameworks for CSR, with analysis most often remaining at the level of the organization. Several foundational studies are among the most

cited papers that influence CSR studies in East Asia. The largest node in the blue area is Freeman (1984), who argued that corporations should broaden their fiduciary duties beyond shareholders, and consider the “stakeholders”, all those who will affect or be affected by the conduct of a business. Another important foundational study is Carroll (1979), which examined CSR from economic, legal, ethical, and discretionary perspectives, and then developed this into a representative “Pyramid of CSR” model that visualizes CSR content and priorities. Xu and Yang (2010) explored established Western CSR attributes in China, including economics, legal aspects, the environment, customers, employees, and philanthropy, but also considered indigenous Chinese CSR characteristics, including the need for good faith (business ethics), social stability, and progress. According to Tsoi (2010), export-oriented companies perceive CSR as an important issue, because it is seen as a requirement of international buyers; local or regional businesses, on the other hand, lagged behind. That paper also reported that different organizations saw distinct roles in supporting their suppliers to understand CSR and maintain long-term sustainable relationships.

Some studies in this cluster also draw attention to the fact that fundamental economic responsibilities are still the primary concern for most companies in China, and CSR activities are considered to serve economic objectives (Wong 2009; Zu & Song 2009). Chang, Oh, Park, & Jang (2017) also found that the relationship between the characteristics of company boards and CSR in Korea were nonlinear, while a linear relationship was observed in the same relationship in a Western context. They concluded that there is no universal standard of CSR-supportive board characteristics. Takagaki (2010) specifically examined environmental aspects of CSR among Japanese electronics-related corporations and suggested a stage-based environmental strategy. Chiu and Wang (2015) applied the framework of stakeholder theory to explain the quality of CSR disclosure in Taiwan.

Contrary to studies espousing arguments supporting CSR, the second largest cited node in the blue Cluster 1 was Milton Friedman's idea that the "social responsibility of business is to increase its profits"; this reflects the debate as to whether corporations should have responsibilities beyond maximizing their shareholders' profits (Friedman 1962; 1970). Other studies of this type include Ullmann (1985), which scrutinized the principal findings of studies on the relationship between social and economic performance, but failed to find a consistent result due to insufficient empirical data and confusing definitions of key terms. Later, scholars sought to demonstrate a positive link between CSR and financial returns. One of the most cited works in the cluster, by Waddock and Graves (1997), addressed the problem of measuring corporate social performance (CSP) by introducing a comprehensive and systematic CSP index, based on Kinder, Lydenberg, Domini (KLD) rating attributes. This index reported a positive link between CSP and prior or future financial performance. McWilliams and Siegel (2001), however, reported a neutral relationship between CSR and corporate financial performance (CFP), and argued that the "ideal" level of CSR should be decided through a cost-benefit analysis reflecting the firm's size, the level of diversification, stage in the industry, and so on.

Nevertheless, studies of the relationship between CSR and CFP in the East Asia region also reflect inconclusive results. Following a meta-analysis of CFP and its relationships with other factors by Orlitzky, Schmidt, and Rynes (2003), Hou, Liu, Fan, and Wei (2016) undertook a similar meta-analysis on whether CSR was profitable among East Asian firms. The results illustrated that there is a greater emphasis on environmental CSR as opposed to social CSR in East Asian firms, while Western companies are the opposite, and CSR practice contributes more to operational performance than to financial performance, yet a positive relationship was demonstrated between CSR and CFP. Similar positive conclusions were also found in studies

that focus individually on each of the four East Asia regions (O'Shaughnessy, Gedajlovic, & Reinmoeller, 2007; Okamoto 2009; Shen & Chang 2009; Ye & Zhang 2011).

Some other studies in the cluster look into the broader institutions that corporations interrelate with, and examine how institutional factors interact with CSR. Scott (1995: 33) defined institutions as “cognitive, normative, and regulative structures and activities that provide stability and meaning to social behavior”. The institutional social fabric provides organizations with certainty to operate by indicating what kind of behaviour is acceptable and supported (Peng, 2002). Scott (1995) also separated institutional factors into *formal constraints* representing political rules, judicial decisions, and economic contracts; and the *informal constraints* of social norms, based on cultural traditions and ideologies. Matten and Moon (2008) are also among the most cited authors, and they examined how and why CSR differed among countries and how national institutional systems contribute to these differences. A distinction between “implicit” and “explicit” CSR was proposed, after they examined CSR in the United States and Europe. This framework has been widely used in CSR studies in East Asia as well (Chiu & Wang 2015; Kim, Amaeshi, Harris, & Suh, 2013; Yin, Singhapakdi, & Du, 2016).

Based on the examination of the institutional factors in China, See (2009) conclude that CSR is largely found in State Owned Enterprises (SOEs) and that its promotion among private businesses is difficult due to institutional constraints. However, some studies claimed that even under dysfunctional institutional settings characterized by “legal incompleteness” and “legal inefficiency” in economic emerging and transition countries (Peng, 2003), the effect of environmental CSR on business and political legitimacy is strong in China (Wei, Shen, Zhou, & Li, 2015). Lin, Hsiao, & Chuang (2015) also suggest that independent outside directors could

increase stakeholder interest under the weak formal institutions in Taiwan. Yin and Zhang (2012), however, found that ethical leadership, government dependency, and cultural traditions play a significant role in Chinese CSR due to the dominant understanding of ethical and discretionary CSR in China. Kimura and Nishikawa (2016) also look at the importance of ethical leadership in Japan's unique cultural and institutional context. Those institutionally based CSR studies are interrelated with Cluster 2, the red cluster in Figure 2.1, which consists of studies with a particular focus on the ethical traditions of East Asia.

CSR studies with focus on ethics and philosophical values

As illustrated in the second, red, cluster in Figure 2.1, a growing body of CSR studies seek to outline East Asian philosophical traditions and ethical principles, which can provide practical CSR guidance in an East Asian context. The absence of any individually outstanding and overarching studies in this cluster – with no larger nodes – indicates that a systematic framework is absent. Interestingly, most of the studies in this cluster are focused at the level of organizations or at a managerial level of analysis, like the studies of Cluster 1.

Lu (1997) sought to examine the factors that motivate business ethics in China. He argued that, besides the impact of economic reforms and a Western ideology of business ethics, the influence of inherited Chinese traditional ethical values cannot be ignored. Traditional Chinese Confucianist notions of *Li* (profits, economic gain) should be pursued in a way that reflects *Yi* (righteousness and principles). Confucian teachings emphasize an individual's positive contribution to society and the importance of ethical leadership, and Romar (2002) demonstrated the compatibility of Confucian values with current managerial practices when it comes to the maintenance of hierarchies and cooperation, which lead to organizational success. Boardman and Kato (2003) also showed that the Japanese concept of *Kyosei* – which represents

notions of social responsibility, ethical business, and responsible reciprocity – is deeply rooted in Confucian teachings. Moreover, Romar (2004) argued that Confucian values of trust, reciprocity, and the building of relationships with mutual benefit, could contribute to overcoming opportunism in a world of capitalist globalization. Even though Hong Kong is beyond the scope of this study, the relevant references in the analysis include Cheung and Chan (2005), which identified traditional philosophical doctrines from Confucianism, Taoism, Mohism, and Legalism as having a significant impact among successful CEOs in Hong Kong.

One of the studies in this cluster which is most strongly linked to others is Ip (2009), who proposed a new definition of a “Confucian firm” whereby business practices and management compensation schemes follow the core Confucian principles of *Ren* (benevolence), *Yi* (righteousness), and *Li* (norms and protocols) on personal and social lives. The Wang and Juslin (2009) study was also widely cited, which claimed that even though China has been introducing CSR as a Western-based concept for the past 20 years, the core principles of CSR could be explained within traditional Chinese culture. They proposed a “harmony approach to CSR”, involving “respecting nature and loving people” by following the long-established teachings of Confucian interpersonal harmony and Taoist notions of harmony between humans and nature. Compared to Western CSR theory, harmony has the potential to be a better approach to promoting CSR within a Chinese context. Following the 1997 financial crisis in South and East Asia, there were growing concerns about the shareholder-value-driven Western model, and Miles and Goo (2013) strongly called for a return and revival of the traditional heritage of Confucian values to enhance director conduct and corporate governance. Chan (2007) also argued that Confucianism provides practical ethics that parallel the core principles of Western business ethics and can contribute to theory and practice in the field. Lin, Ho, and Lin (2013) even construct a work ethic scale based on Confucian and Taoist values.

Cross-cultural studies of CSR

The cluster of *Ethics-focused studies* is closely related to the *Cross-cultural CSR studies* Cluster 3, in green in Figure 2.1. There are a few widely cited references standing out in this cluster. Hofstede (1980) questioned the applicability of American (Western) theories in other countries and proposed four dimensions of national culture that managers should be aware of when operating in an unfamiliar culture – power distance, uncertainty avoidance, individualism and collectivism, and masculinity. Hofstede, Hofstede, and Minkov (1991) further claimed that culture is the software of the mind and penetrates every aspect of society. As a highly socially and institutionally based concept, CSR cannot ignore the impact of the underlying culture. Hofstede and Bond (1988) identified a further cultural dimension, unique to Eastern cultures, which they called “Confucian dynamism”, and which is manifested by the values of persistence, hierarchical social order, thrift, face-saving, and reciprocity in relationships. They claimed that Confucian dynamism specifically contributed to the economic rise in the 1980s in the Asian region, including in Japan, Korea, Hong Kong, and Taiwan. Hofstede’s cultural framework is widely used in cross-cultural CSR studies among the countries of the East Asian region. Cheung and Chow (1999) reported that, though sharing the same Confucian cultural tradition, managerial values across the Greater China region – Hong Kong, Taiwan, and Mainland China – varied along the four cultural dimensions, and that political and economic factors also have a significant impact on the values of Chinese managers. Authors have also been interested in the different ethical perceptions between China and the USA (Gift, Gift, & Zheng, 2013; Whitcomb & Erdener 1998). Scholars have examined ethical judgments of managers in the East Asia regions of Japan, Korea, and Hong Kong, and compared these with those of Western countries such as the USA and Australia (Jackson, 2000). More recently, Dawkins et al. (2016) investigated the relationship between attitudes towards CSR and intended job choices among

students from the USA, China, and Lebanon; the findings suggest a need for tailored CSR and recruitment strategies across different countries.

Religion and CSR

There are two smaller clusters, Clusters 4 and 5 in Figure 2.1, attract less research attention. Early scholars like Conroy and Emerson (2004) specifically looked at religion and CSR, and found that religiosity is significantly related to ethical judgments. Lam and Shi (2008) also found that religion was important when it comes to views on ethical attitudes in China, but noted that different religions have different ethical indicators. Later, Du (2013; 2014), and Du, Jian, Lai, Du, & Pei (2015) carried out a number of studies to examine the relationship between religion and owner-manager agency cost, “tunnelling” between corporations, and the management of earnings, and how religion influences a corporation’s intentions toward philanthropic actions. All these studies form a unique Cluster 4, *Religion and CSR*, illustrated in yellow in Figure 2.1.

Guanxi and CSR

Another small cluster, Cluster 5 in Figure 2.1, is the *Guanxi and CSR* cluster. Unlike the cluster of studies on *Religion and CSR*, the cluster of studies on *Guanxi and CSR* is not detached from the main clusters – it is closely related to the institutional *General CSR studies* cluster and the *CSR studies with focus on ethics and philosophical values* cluster. Xin and Pearce (1996) are the pivotal authors in this cluster. They are frequently cited by institutional CSR researchers (Ahlstrom, Young, Chan, & Bruton, 2004; Peng, 2002; Yang & Su 2013) and also ethics-focused researchers (Resick, Martin, Keating, Dickson, Kwan, & Peng, 2011; Tan & Snell 2002; Zhu, 2013). According to the definition of *Guanxi* by Yang (1994), it is interpersonal connections that go beyond the relationship of husband to wife, kinship, and friendship, to include:

“‘social connections’, dyadic relationships that are based implicitly (rather than explicitly) on mutual interest and benefit. Once Guanxi is established between two people, each can ask a favor of the other with the expectation that the debt incurred will be repaid sometime in the future.” (pp. 1–2)

Xin and Pearce (1996) argued that in a transitional society experiencing economic expansion yet burdened with a weak legal framework, it is necessary to build *Guanxi* as a tool to substitute for the more formal rule of law that is present in developed Western economies and which managers take for granted. Mao, Peng, and Wong (2012) also specifically examine the indigenous Chinese concept of *Guanxi* and reveal the role of obligations and ethical norms which underlie it. Su and Littlefield (2001) further defined *Guanxi* into favour-seeking *Guanxi* (culturally rooted) and rent-seeking *Guanxi* (institutionally defined), and introduced different strategies to manage these two different types. Karam et al. (2013) investigated the ethical perception of favour-seeking at work among eleven Asian societies including China, South Korea and Taiwan. They found that broader socio-cultural and national business ideologies could help understand behaviours within Asian societies better. Bstieler and Hemmert (2010) also examined the influence of social connections (*Guanxi*) on trust in the South Korean context but found that pre-existing social relationships do not contribute to building trust with external parties. Instead, quality communication and fair behaviour should be afforded greater attention. *Guanxi* has also been linked to dimensions of CSR in situations of corruption (Su & Littlefield, 2001), ethical leadership (Zhang et al., 2016), and workplace procedural justice (Chen, Friedman, Yu, & Sun, 2011).

Key Themes and Concepts in CSR Literature in East Asia

The results of the co-citation analysis given above provide a snapshot of how CSR studies in East Asia are dispersed into different areas. The content analysis presented in this section shifts

the level of analysis from citations to the substance of the 219 articles, through the text mining process. The conceptual map generated by Leximancer reveals several distinct themes, as illustrated in Figure 2.2.

The content analysis results parallel the co-citation results. The themes *CSR* and *Corporate*, represented by two of the dominant bubbles in the figure (biggest size and brightest colour), attract the most concepts and highest word count in the CSR articles in East Asia. The *CSR* bubble consists of concepts such as “performance”, “strategy”, “environmental”, “investors”, “stakeholders”, and “philanthropy”, which are common topics in CSR studies. The *Corporate* theme is represented by concepts such as “social”, “responsibility”, “management”, “economic”, “shareholders”, “market”, and “institutions”. *CSR* and *Corporate* are semantically close and share common concepts. These two bubbles reflect the *General CSR studies* cluster found in the co-citation analysis, which consisted of articles focused on ideas such as stakeholder theory, the relationship of CSP and CFP, and institutional theory.

[illegible]

Unsurprisingly, China stands out among the countries of East Asia, and forms a specific theme of *China* composed of concepts such as “sustainable”, “global”, “government”, “Harmonious society”, “corruption”, and “employees”. The *Ethical* bubble is approximately the same size as *CSR*, and contains concepts including “rights”, “human”, “ethical”, “leadership”, and “philosophy”. The “ethical” concept is a merger of the concepts of “ethical” and “ethics”, and as can be seen in Appendix B, when combined this concept adds up to a total word count of 5530 within the 219 articles in CSR literature with a focus on East Asia in the corpus. Furthermore, the word-like related concepts can be understood as having a strong ethical component: “moral” and ethics, ethical “leader”, ethical “leadership”, ethical “business”, “philosophy” of ethics, and ethical “culture”.

The *Guanxi* and *Religion* themes in Figure 2.2. are relatively small. *Religion* is detached from the main themes, and *Guanxi* is also not linked with many concepts. This finding is consistent with the co-citation results, which show that relatively fewer authors were involved in the *Religion and CSR* and *Guanxi and CSR* clusters; as with these two themes in the content analysis, these two clusters in the co-citation analysis were detached from the main clusters.

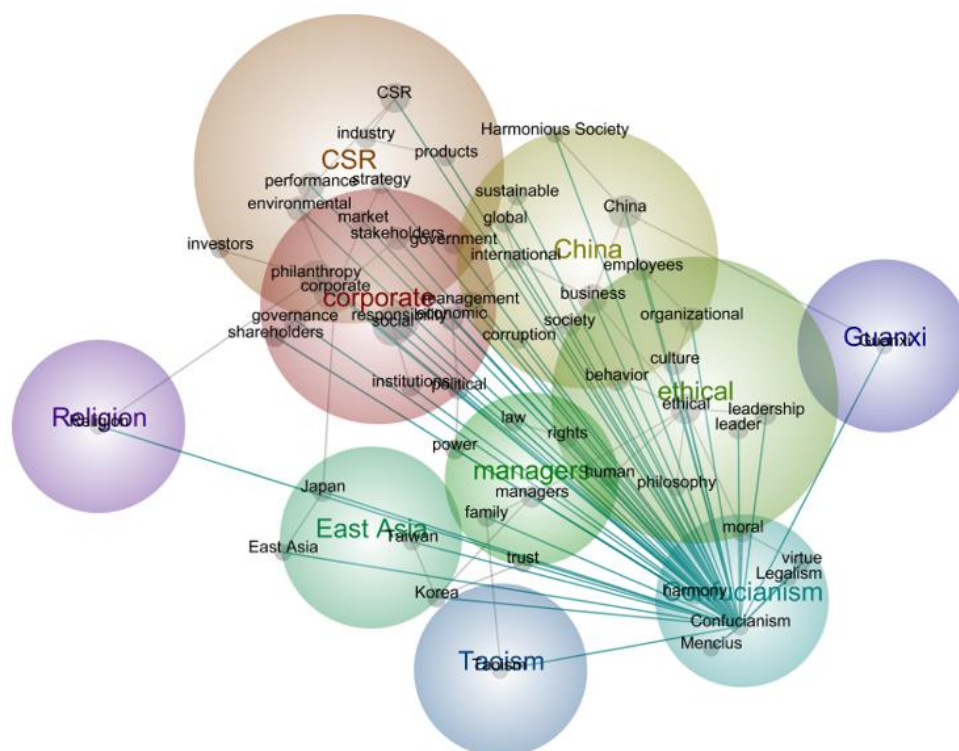
The *East Asia* theme captures not only “East Asia”, but also “Japan”, “Korea”, and “Taiwan”, which is consistent with the scope of this study. Also, a small bubble of *Managers* hosts the concepts “power”, “law”, “trust”, and “family”, as well as “managers” itself, and is closely related to the *Ethical* bubble through the shared concepts of “rights” and “human”.

There are two important themes generated in the content analysis that were not captured in the co-citation analysis: the *Confucianism* bubble, and the *Taoism* bubble. The *Taoism* theme contains only the concept of “Taoism” itself; the relatively small *Confucianism* theme is made up by the concepts of “Confucianism” itself, “virtue”, “harmony”, “Mencius” and, more surprisingly, “Legalism”; the *Confucianism* and *Ethical* bubbles are linked through the shared concept of “moral”. The results from both the co-citation analysis and the content analysis manifest the importance of ethics for CSR in East Asia, and illustrate that there are three relevant philosophies which prescribe ethical principles: Confucianism, Taoism, and Legalism. These three Chinese philosophies have emerged as important concepts within the CSR literature in East Asia research arena. In order to explore how the three philosophies of Confucianism, Taoism, and Legalism link with other CSR concepts, and what implications we can draw from those connections, we will look more deeply at these three concepts individually.

The connections between Confucianism and other concepts

The concept of “Confucianism” shown in Appendix C is a merged concept, uniting “Confucianism”, “Confucian”, and “Confucius”, and these appeared 949 times altogether in the text. Of related concepts, “China” has a high word count, indicating that “China” and “Confucianism” were frequently mentioned together. The list of word-like concepts in Appendix C and also the links show in Figure 2.3 vividly tell us that Confucianism is also closely related to “virtue”, “moral”, “harmony”, “human (people)”, “family”, “leader(s)”, and “society”. The strong relationship with these concepts indicates that Confucianism as a philosophy provides a particular focus on the interpersonal relationships between people.

Figure 2.3 The conceptual map of the connections between Confucianism and other concepts

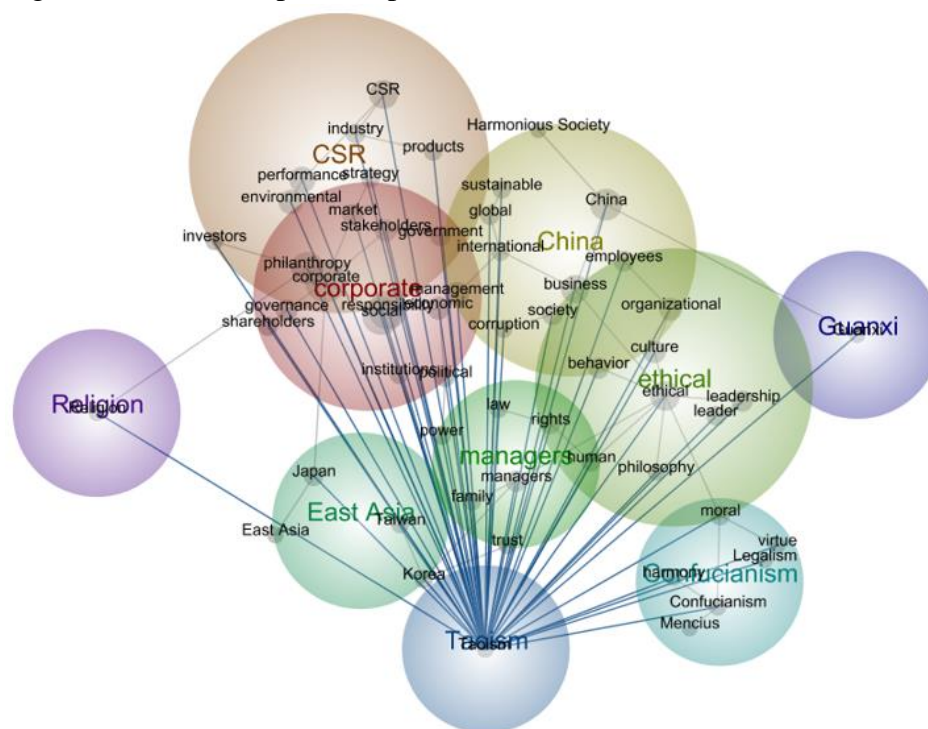


Legend: Dots represent concepts that are collections of words which carry related meaning, and circles represent themes that are an aggregation of pertinent concepts. The importance of themes is shown through both the color of the circles (brighter circles = more important) and their size (larger size=more concepts have been clustered together to form a given theme). The distance between concepts denotes how closely the concepts are related.

The connections between Taoism and other concepts

The concept of “Taoism”, representing a merger of the concepts of “Taoism” and “Taoist”, has a word count of 474 (see Appendix D) – about half that of “Confucianism”, but still present in many articles. It is often used together with “Confucianism” (count 15) but not with “Legalism” (count 2). As shown in Figure 2.4, “Taoism” links to “shareholders”, and like “Confucianism” is linked with the concepts of “harmony” and “family”. The link with “law” is because Taoist philosophy explains the law of how things develop. Another frequently linked concept is “environment(al)” with 46 counts; this relates to articles describing the Taoist values of harmony with nature, maintaining that humanity is a part of nature and should act according to the rules of nature rather than destroying or harming it (Wang & Juslin, 2009).

Figure 2.4 The conceptual map of the connections between Taoism and other concepts

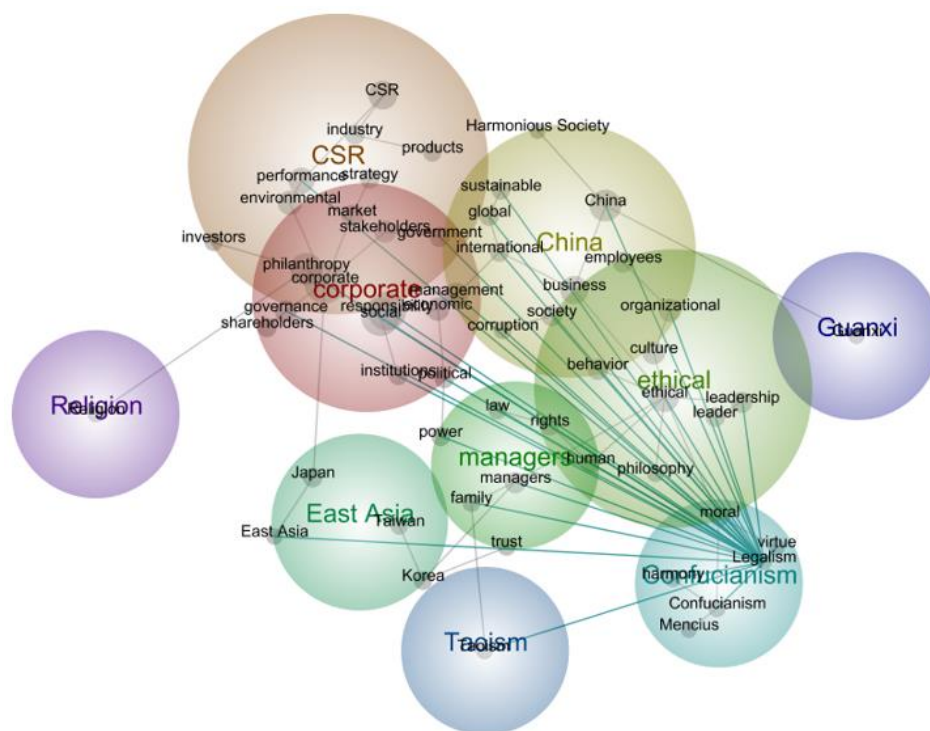


Legend: Dots represent concepts that are collections of words which carry related meaning, and circles represent themes that are an aggregation of pertinent concepts. The importance of themes is shown through both the color of the circles (brighter circles = more important) and their size (larger size=more concepts have been clustered together to form a given theme). The distance between concepts denotes how closely the concepts are related.

The connections between Legalism and other concepts

Lastly, “Legalism” is the smallest of the three philosophical concepts, with a word-count of 69 (see Appendix E). “Legalism” is a merger of the concepts of “Hanfei” and “Legalism”. Hanfei (280–233 BC) was the great synthesizer of Legalism, which argues for powerful control, legal regulation, and the art of rulership (Goldin, 2011). The word-like concepts related to “Legalism” are “law”, “leader”, “leadership”, and “power”, reflecting the focus on how to establish and maintain effective leadership. However, as seen by comparing Figure 2.5 with the two preceding figures, “Legalism” is less mentioned in CSR studies in East Asia than the other two philosophies.

Figure 2.5. The conceptual map of the connections between Legalism and other concepts



Legend: Dots represent concepts that are collections of words which carry related meaning, and circles represent themes that are an aggregation of pertinent concepts. The importance of themes is shown through both the color of the circles (brighter circles = more important) and their size (larger size=more concepts have been clustered together to form a given theme). The distance between concepts denotes how closely the concepts are related.

Discussion

In general, the co-citation analysis and the content analysis both indicate that *General CSR studies*, with a focus on “stakeholders”, “institutions”, “government”, “investors”, and “economic” factors, attract the attention of most CSR literature in East Asia researchers. Nevertheless, a cluster of *CSR studies with a focus on ethics and philosophical values* emerged in the co-citation analysis, and this is paralleled by the *Ethical* theme in the context analysis, which particularly examines the ethical factors driving CSR in East Asia. More specifically, the ethics-focused CSR studies identified after the co-citation analysis are found descriptive in nature with limited numbers of empirical studies examining the relationship between ethical factors and CSR issues. There is a lack of an effective way to measure these philosophical values, and the explicit associations between philosophies and CSR remain unclear. Moreover, the *General CSR studies* and *CSR studies with focus on ethics and philosophical values* clusters support the argument that most studies of CSR literature in East Asia focus on the level of the organization or the managerial level for their analysis, while the levels of individuals and employees are under-investigated (Morgeson, Aguinis, Waldman, & Siegel, 2013).

The results generated from the co-citation analysis further our understanding of the East Asia CSR literature by providing a conceptual map with key research clusters which has never been presented before. The thematic clusters map visualizes the underlying associations among key articles. Articles with higher co-citation levels converge together and form specific research clusters which could not be achieved through traditional review methods. Based on the analysis of each article’s reference list, the cluster map link articles in the area together and vividly presents their influence on other studies. For example, the key studies in the General CSR study cluster such as Freeman (1984), and Hofstede (1980) in the Cross-culture CSR study, greatly influenced CSR studies in East Asia. Most studies remain at the macro-level analysis and rely

on Western-developed theories or frameworks. This cluster map provides an overview of the status of current East Asia research and researchers in this area could locate their study in the map to gain a better understanding of the broader elements of the research field. Noticeably, the Ethics focused cluster lacks an overarching study to provide a comprehensive theoretical framework for the area.

The Leximancer content analysis also in line with the findings of Hofman et al. (2017) that China captures the most attention among CSR literature in East Asia with a unique theme of *China* generated. In the past three decades, China has gone through significant transition, which provides a dynamic context for CSR research not only because of its robust economic development but also because of the growing social and environmental pressures (Wang and Juslin, 2009). The *China* theme bubble is closely related with the *CSR* and *Corporate* bubbles which mainly consist of Western developed concepts. The result reflects the *General CSR studies* cluster generated from the co-citation analysis that shows current CSR studies most often rely on Western-oriented management theory, such as Stakeholder theory, agency theory, and institutional theory. The management research has long been criticised lack of high-quality indigenous research that beyond simply applying Western theories in Asia context (Tsui, 2004). However, theories developed from Western ideology and institutional context may not applicable in solving the CSR issues in other countries with different cultural dimensions and certain institutional constraints (Brammer et al., 2012; Clarkson, 1995). There are calls to tap into traditional philosophical and cultural values in management research to discover new concepts and theories for a specific context (Barkema et al., 2015; Chapple & Moon, 2005).

It has been argued that historically in East Asia, ethical and moral values are an indispensable element of business in contrast to the dichotomy of ethics or morality versus business in Western CSR theories like stakeholder theory and shared value creation theory (Kim & Moon,

2015). As expected, *China* bubble is also closely connected with *Ethical* suggesting that Eastern-based philosophies that underpin ethical attitudes and behaviour are also attracted attention for CSR studies in China and East Asia. The *Confucianism* and *Taoism* themes revealed by the text mining analysis are complementary to the clusters which emerged in the co-citation analysis: co-citation analysis only shows links between authors, it does not capture the latent connections between concepts and themes. This study concludes even with a dominant focus on West-lead theories and frameworks, CSR literature in East Asia have sought to outline specific ethical principles underpinned by three traditional philosophies, namely Confucianism, Legalism, and Taoism as revealed in the two process of analyses.

The concept *Confucianism* emerged content analysis that shows a strong link with the themes of *CSR*, *Ethical* and *East Asia*. A unique theme of *Confucianism* is also generated formed by related concepts. Around 230 BC, during the Han Dynasty, Confucianism was strongly promoted by Han emperors as the national ideology to rule people and unite the state (Tu, 1996). As found in literature, Confucianism spread to Japan and Korea along with other elements of Chinese culture which still have profound impacts on East Asian societies, albeit shaped by country-specific characteristics (Englehart et al. 2000). Some scholars consider these countries to be the “Confucian orbit” societies (Baumann et al. 2016). Yang and Su (2013) also highlighted that the two philosophies which originated in China, namely Confucianism and Taoism, are specific ways to achieve business legitimacy in East Asia.

Confucianism and Taoism have been discussed more extensively in CSR literature, while Legalism has received less attention. Legalism did not emerge as a theme in the content analysis; instead, “Legalism” as a concept was included in the *Confucianism* theme. However, Legalism and Confucianism hold contradictory positions on some basic principles. Confucianism believes that human nature is inherently good and kind, and that people’s behaviour can be

guided by virtue and moral principles, while Legalism assumes people are evil and selfish in nature, and the best way to regulate behaviour is through laws with rewards and punishment (He, 2011).

Pan et al. (2012) conducted a survey among scholars of different disciplines to rate the relative importance of various Chinese schools of thought, and their fundamental values. Confucianism, Taoism, and Legalism achieved the highest three scores, followed by Buddhism and *The Art of War*. The Legalist values of control and punishment, and the competition inherent in *The Art of War* are important aspects of Chinese culture which have been overlooked in previous studies. Ma and Tsui (2015) supported the ranking of Pan et al. (2012), discussing how the values of Confucianism, Taoism, and Legalism reflect Western-developed leadership theories. Witzel (2012) undertook research that specifically examined the thoughts of Hanfei – the key philosopher of Legalism – and revealed the important principles of *Fa* (establishing laws), *Shi* (maintaining power), and *Shu* (ruling tactics) for leaders to manage their subordinates and run a successful organization. How these principles of Legalism contribute to CSR in East Asia remains unknown, and further empirical examination is therefore warranted.

Drawing on these insights, Table 2.2 maps out the critical research gaps in CSR literature in East Asia to serve as directions for further studies.

Table 2.2 Research gaps and future research directions

Potential research	Potential research questions	Key references
1. Develop a comprehensive and systematic ethical framework for CSR in East Asia which integrates the three philosophies	What values represent Confucian philosophy?	Cheung et al., (1996); The Chinese Culture Connection (1987); Monkhouse et al., (2013)
	How can Confucianism be measured?	
	Which Confucian values are associated with specific aspects of CSR and why?	
	What values represent Taoist philosophy?	Chan and Lau (2000); Hennig (2017); Lee et al. (2013); Lin et al. (2013);
	How can Taoism be measured?	
	Which Taoist values are associated with specific aspects of CSR and why?	
	What values represent Legalist philosophy?	He (2011); Ma and Tsui (2015); Witzel (2012)
	How can Legalism be measured?	
	Which Legalist values are associated with specific aspects of CSR and why?	
2. Explore the different level of adoption of these philosophies in countries in East Asia and the relative influence of them on CSR	Are there differences in how people from different parts of the East Asian region apply the principles of the three philosophies to CSR issues? Do these differences lead to different CSR strategies?	Zhang et al. (2005)
3. Apply the literature review methodology of this paper to other areas of CSR or to CSR in other regions	What do we find from the joint application of co-citation analysis and content analysis in other specific areas of CSR, not limited to East Asia and ethical philosophy? (Areas could include workplace ethics, marketing and consumer behaviour, CSR reporting, corporate governance, international CSR management strategy, etc.)	Baumann and Winzar, (2017); Kim (2014); Marquis and Qian (2014); Miles and Goo (2013)
	How do networks, themes, and concepts in CSR change over time?	
4. Research the attitude towards, behaviour around, and impact on CSR at the level of individuals	What does research show if we shift the level of CSR analysis from the national or organizational level to an individual level, focusing on individual characteristics and values that lead to certain CSR attitudes, behaviours, and impacts?	Osagie et al. (2016)

Conclusion

This study introduces a method to review CSR literature using newly developed tools of analysis: one that combines co-citation analysis and content analysis. This emerging method of literature review analysis has been applied in other discipline areas, and its application for the first time here to the literature on CSR in East Asia has revealed significant theoretical implications and directions for future studies.

Firstly, the network-based co-citation analysis results suggest that current CSR research in East Asia is constituted predominantly of *General CSR studies* that follow Western-developed theories and frameworks. Notably, *Ethics-focused CSR studies* emerge as a distinct area that endeavours to discover long-established philosophical values which can define what ethical business means in an East Asian context. The growing importance of the economies of East Asia, and the distinct cultural traditions adopted from the West, also result in many *Cross-cultural CSR studies* that uncover the convergences and divergences between East Asian and Western approaches to CSR. Religion and *Guanxi* were important concepts for a limited number of studies.

Secondly, through the holistic, objective, and systematic content analysis, a conceptual map has been generated showing the key concepts and themes of CSR literature in East Asia. The results echo the co-citation analysis, with the *CSR* and *Corporate* themes manifesting the *General CSR studies* cluster, with common concepts such as “stakeholders”, “investors”, “economic”, “environmental”, and “institutions”. The theme of *China* has attracted a great deal of attention among CSR in East Asia research, not only because of its economic development in the past 30 years, but also due to the related social and environmental pressures. Another important focus is shown with the *Ethical* theme, based in the concepts of “ethics” and “ethical”, with related concepts such as “leaders”, “leadership”, “culture”, and “human”. The latent *Confucianism* and *Taoism* themes, not captured in the co-citation analysis, are revealed in the content analysis. Interestingly, the concept of “Legalism” appears under the umbrella of the *Confucianism* theme; we have argued that Legalism is an indispensable perspective for CSR in East Asia that has been neglected in current literature. The text-based content analysis is complementary to the reference-based co-citation analysis: these two methods combine to offer a holistic understanding of CSR in East Asia to date.

Thirdly, insights from the above discussions can guide future research, as suggested in Table 2.2. As mentioned in discussing the co-citation results, studies in the *Ethics-focused CSR studies* cluster are mainly descriptive. Some theoretical assumptions are made, but empirical studies to examine those assumptions are rare. The relationship between philosophical values and CSR outcomes are not supported by using statistical evidence, and valid philosophical value measures are also largely absent. Despite sharing the historical influence of Confucianism, Confucian values manifest differently in each country due to the 200-year impact of imperialism, colonialism, and elements of Western cultural heritage (Chung et al. 2008). Therefore, how the three philosophies different in different parts of East Asia are unknown, and whether these differences then lead to differentiation in individual's attitude towards CSR or behaviour around, and impact on CSR is unclear. Current research is mainly limited to organizational or national level analysis, with scant attention to the individual level.

In summary, this study contributes to the current CSR literature in a number of ways. First, it visualizes the CSR literature in East Asia, presenting how different articles and concepts connect with each other to form distinct areas of research, which enables better mapping of research within the field. Researchers can position themselves on the map to identify areas in the field and locate their work within the relevant research community. Second, in terms of methodology, this paper highlights the opportunities offered by a visual analytics approach for dispersed data, such as literature review studies. Third, this study can serve as an introduction to the rapidly evolving and increasingly complex literature relating to CSR in East Asia. The study also answers the call from Barkema et al. (2015) to bring newly emerged methods of literature review study from management or other disciplines to benefit and enrich CSR research methods, as well as to contribute to new theories and concepts. Finally, research gaps

and an agenda for future research are highlighted to encourage more studies to further the understanding of CSR within an East Asian context.

Inevitably, there are some limitations in this study. Though the procedures of co-citation analysis and content analysis are objective and systematic, and therefore reduce the bias of traditional CSR literature review methods outlined by Lockett et al. (2006), choosing the scope of the literature, as well as the research design and method, is critical. The restriction in the present article to a small set of keywords, and limiting the scope to seven of the top-ranked journals in business ethics and the Asian management field, may only capture a portion of the studies in the field, and this could impact the final results. To minimize the sampling bias, the researcher conducted a careful search of articles, choosing multiple keywords, and double-checking search results both within Scopus and in each journal's official website. The results of the analysis are generated by the algorithms of the software used – here Gephi and Leximancer – and this can affect the results. To better understand the output from the analytic software, I also read the abstract of each article, to mitigate the unsupervised analysis procedure with an in-depth understanding of the results and to interpret the qualitative information which was obtained.

While literature on CSR has been being produced for over 40 years, most of the theories and concepts underlying the discipline emanate from Western-oriented thinking, anchored in liberal democratic traditions. East Asia's increasing influence from an economic, social, and cultural perspective, as well as the unique historical context which has fashioned its development, provide the motivation to understand better the unique ideological and philosophical foundations that shape individual and corporate attitudes and behaviour. The co-citation and content analyses provide a basis upon which to illuminate latent themes and connections of semantic concepts inherent within the existing CSR literature in the East Asian

region, which in turn can serve as the foundation on which new theories and frameworks can emerge and develop.

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Appendix A Summary of Article Sources (1997–2017)

Journals	Number of CSR in East Asia articles found
<i>Asia Pacific Journal of Management</i> (APJM)	62
<i>Asia Pacific Business Review</i> (APBR)	8
<i>Asian Business & Management</i> (ABM)	8
<i>Journal of Business Ethics</i> (JBE)	116
<i>Business and Society</i> (BS)	10
<i>Business and Society Review</i> (BSR)	3
<i>Business Ethics Quarterly</i> (BEQ)	12
Total	219

Appendix B The Word Count of Ethical and the Level of Relevance with Other Concepts

Ethical word count: 5530

Name-like concept	Count	Relevance	Word-like concept	Count	Relevance
Confucianism	158	17%	leadership	929	46%
Japan	249	15%	moral	607	39%
Taoism	53	11%	leader	438	36%
China	792	11%	business	1539	34%
Taiwan	75	11%	philosophy	141	30%
Religion	13	11%	virtue	132	28%
Korea	112	10%	behaviour	553	28%
CSR	446	08%	culture	662	26%
Legalism	5	07%	managers	551	24%
Guanxi	11	07%	organizational	644	23%
East Asia	14	04%	sustainable	153	18%
Mencius	3	04%	responsibility	1069	16%
Harmonious Society	2	02%	social	1041	16%

Appendix C The Word Count of Confucianism and the Level of Relevance with Other Concepts

Confucianism Word count: 949

Name-like concept	Count	Relevance	Word-like concept	Count	Relevance
Mencius	75	100%	virtue	79	17%
Legalism	5	07%	moral	203	13%
Taoism	15	03%	harmony	58	11%
China	124	02%	philosophy	49	11%
Harmonious Society	1	01%	rights	119	09%
Japan	14	01%	human	74	06%
Religion	1	01%	family	45	05%
East Asia	2	01%	leader	52	04%
Guanxi	1	01%	society	53	03%
			law	22	03%
			ethical	158	03%

Appendix D The Word Count of Taoism and the Level of Relevance with Other Concepts

Taoism word count: 474

Name-like concept	Count	Relevance	Word-like concept	Count	Relevance
Religion	5	04%	philosophy	24	05%
Legalism	2	03%	shareholders	53	05%
China	138	02%	harmony	20	04%
Confucianism	15	02%	family	32	03%
Guanxi	1	01%	law	20	03%
Japanese	9	01%	behaviour	45	02%
CSR	26	00%	political	28	02%
Korea	4	00%	environmental	46	01%
Taiwan	2	00%	moral	22	01%
			culture	34	01%
			philanthropy	59	01%

Appendix E The Word Count of Legalism and the Level of Relevance with Other Concepts

Legalism word count: 69

Name-like concept	Count	Relevance	Word-like concept	Count	Relevance
Confucianism	5	01%	law	17	02%
Taoism	2	00%	leader	19	02%
East Asia	1	00%	leadership	29	01%
China	12	00%	power	11	01%
			philosophy	4	01%

Chapter 3: Philosophical Values and Employees' Corporate Social Responsibility (CSR) Attitude, Behaviour, and Impact: An Examination among China, Korea, Japan, and Taiwan

An earlier version of this paper was presented at the

7th Annual Australia Business Ethics Networking Conference

on 12 December 2017 in Melbourne, Australia

The current version of this paper was presented at the

Paper and Idea Development Workshop of the *Academy of Management Journal*

held at the University of Sydney Business School, between 6th –7th April 2018

Abstract

Purpose: Employees are a key asset of and primary stakeholders in any organization, yet employees' attitudes towards and behaviours in relation to Corporate Social Responsibility (CSR) have received relatively little attention in the literature. There have been calls, however, for research to tap into cultural and philosophical foundations to understand attitudes and behaviours better, both more generally and in the CSR context. The present study empirically investigates CSR at the individual (or micro) level by exploring the ways in which employees' philosophical value orientation associates with work-related CSR.

Design/methodology/approach: Through a quantitative research design, we develop measures for philosophical values (Confucianism, Legalism, and Taoism) and CSR perceptions at the individual level. Based on data collected from full-time employees in China, Japan, Korea, and Taiwan, we use a stepwise regression analysis to reveal significant associations between philosophical values and employees' CSR attitude, behaviour, and impact.

Findings: Results indicate that employees who score high values for *Benevolence*, *Nature-human harmony*, and *Rule by law* tend to understand the importance of CSR, while *Confucian dynamism*, *Taoist Water-like personality*, and *Obedience* strongly associate with employees' actions and intentions to make a significant impact on CSR within the organization. The associations between philosophical values and CSR outcomes were strongest when employees belong to the group of Chinese employees, except for *Obedience*, which plays a more important role for Korean employees.

Research limitations/implications: The research includes only ethnicity as a moderating or mediating factor; other moderators and/or mediators could be included in the philosophical CSR model. It could also be expanded to other Asian contexts where Chinese philosophy has a prominent influence.

Originality/value: A six-value philosophical framework is generated which provide the basis for future studies. A new CSR measure is also developed for individuals. The findings of our study suggest that managers should pay greater attention to the importance of personal values and the specific cultural context when establishing, implementing, and managing CSR policies. The present study provides empirical evidence for the influence of philosophical values on employees' CSR attitude, behaviour, and impact. Our findings largely support the notion that philosophical values fundamentally drive work-related CSR for East Asian employees.

Keywords: East Asia; CSR; Confucianism; Legalism; Taoism; philosophical values; employee level

“Virtue alone is not sufficient for the exercise of government; laws alone cannot carry themselves into practice.”

Mencius (Li Lou I)

Introduction

Corporate social responsibility (CSR) was initially developed as a macro-level concept that examines company-level policies and strategies to investigate the impact a firm has on the environment, how it treats its employees, and how it relates to other stakeholders such as the state or government (McWilliams et al., 2001). Extensive studies have focused on the associations between CSR and organization’s financial performance (Orlitzky et al., 2003), corporate governance (Brammer et al., 2012), and stakeholder management (Donaldson & Preston, 1995), to name a few areas of research. Some scholars now argue that CSR should not limit itself to a macro-level understanding, but instead also focus on the micro level (Morgeson, Aguinis, Waldman, & Siegel, 2013; Rupp, Ganapathi, Aguilera, & Williams, 2006). In particular, employees, as primary stakeholders in an organization, “are concerned about, contribute to, and react to an organization’s evolving social consciousness” (Rupp et al., 2006: 537).

Given that employees are key stakeholders for organizations (Freeman, 1984) it is perhaps surprising that little is known of CSR at the employee or individual level (Aguinis & Glavas, 2012), the unit of analysis of this study. Among the limited number of employee-level CSR studies, results show that employees’ perceptions about organizational CSR contribute to their commitment to the organization (Brammer et al., 2007; Glavas & Kelley, 2014; Hofman & Newman, 2014) and their job satisfaction and loyalty (Zhu, Hang, Liu, & Lai, 2014), and improve the attractiveness of jobs and employee retention rates (Kim & Park, 2011). Recently,

Osagie et al. (2016), considering the level of employees, examined what kind of individual competencies support CSR implementation within corporations, and outlined eight distinct competencies. Osagie et al.'s study, however, was based in a Western context, specifically in Holland. How the values of East Asian individuals will lead to effective CSR remain unknown. Crucial questions which are unanswered in the CSR literature in East Asia are how personal values drive employees' perceptions around CSR, what values motivate employees to take action on work-related CSR issues, and ultimately, what values lead to positive impacts in relation to CSR – these are all aspects explored in this research.

There is an increasing number of CSR studies focused on the Asian region, and these show that CSR in Asia has an ethically driven style that primarily relies on moral values and ethical foundations (Kim et al. 2013; Kim & Moon, 2015). However, Asia presents a dynamic combination of different cultural traditions, and also distinct levels of economic development with fundamental social and economic differences (Kim and Moon, 2015). The current study focuses on East Asia – taken here to refer to Mainland China (hereafter “China”), Japan, South Korea (hereafter “Korea”), and Taiwan – to gain an in-depth understanding of the underlying philosophical values in this region which shape CSR perceptions at the individual level. Most CSR research, especially at the individual level, has sampled Western countries, neglecting Asia, except for the case of China (Hofman & Newman, 2014). The main goal of this study is to explore the relationship between philosophical values and CSR perceptions at the individual level through data collected in multiple markets among East Asian societies.

It is essential to understand the underlying values that shape people's attitudes and behaviour to achieve effective organizational CSR (Von Weltzien Hoivik, 2007). Three major Chinese philosophies, namely Confucianism, Taoism, and Legalism, have emerged in the CSR

literature as demonstrating a close relationship with the ethical values and behaviours of East Asian people (Hwang, 2012; Hwang, 2008; Ip, 2009a; Romar, 2002; Xing & Starik, 2017; Zu, 2016). Specifically, six philosophical values have been identified. *Benevolence* and *Confucian dynamism* represent the ethical character and moral behaviour principles of Confucianism (Chen, 2016); *Nature-human harmony* and *Water-like personlaity* are two main aspects of Taoism which advocate unity and adaptivity with the surrounding environment (Hennig, 2017); and Legalism is represented by the values of *Rule by law* and *Obedience*, which focus on strong control and ruling through reward and punishment (He, 2011).

CSR is considered to be a highly “context-specific” concept (Aguinis, 2011); thus, how philosophical values drive individual attitudes and behaviours largely depends on the context. In our study, that context is the cultural environment, as captured by the employees’ location – China, Japan, Korea, or Taiwan. East Asian cultural and social values show strong resilience when facing challenges from the cultural influence of westernization represented by European and North American cultural artefacts (Tung, 1994; Whitcomb et al., 1998). However, the four East Asian societies have passed through different trajectories over the past decades, during the process of “modernization”, as a result of rapid innovation and advancements in technology and infrastructure as well as political and social and economic transformation (Baumann et al., 2018). While the peoples of East Asian share some common features, they still demonstrate different orientations in their business and management practices when the broader circumstances captured by their ethnicities or nationalities are considered (Alston, 1989). This study, then, explores how ethnicity moderates the relationship between philosophical values and CSR at the employee level.

The present study furthers our understanding of CSR within an East Asian context through an empirical examination of the relationship between the philosophical East Asian values of

Confucianism, Legalism & Taoism and CSR perceptions at the individual level. The study begins with a review of Confucianism, Taoism, and Legalism, with a particular focus on illustrating the six relevant philosophical values. In the methodology, we then present the quantitative research design of this study, which develops measures for the philosophical values and for CSR perceptions at the individual level. Following this, based on the data collected from full-time employees from China, Korea, Japan, and Taiwan, we use a stepwise regression analysis to reveal the significant philosophical predictors for CSR attitude, behaviour, and impact. The significant moderation effects of ethnicity on the relationships between philosophical values and CSR are also plotted. Finally, the results are discussed and conclusions drawn, with implication for theory and practice, and suggestions for future research.

Chinese Philosophies and Implications for CSR

Confucianism, Taoism, and Legalism all originated in China during the chaotic Warring States (or pre-Qin) period (475–221 BC). Their ideological configuration and application has shifted during 2000 years through various stages of development, but the fundamental propositions that guide people's attitudes and behaviours remain unchanged (Fung, 1997). Therefore, the three philosophies are discussed here in relation to their traditional teachings during the Pre-Qin period, since these build upon the fundamental arguments of each philosophy (Fung, 1997).

Confucianism

Confucianism is described as a thought system rather as a religion as it provides not only a basis of ethics but also practical principles for behaviour (Chen, 2016). Confucianism, as an ethical lens, attracted the attention of Western business scholars after the economic surge of Japan and the four “mini-dragons” in the 1980s (Tu, 1984; Hofstede & Bond, 1988). It is the

most studied and cited Eastern philosophy in the field of business research, and many scholars have sought to apply it to address contemporary issues within an East Asian context.

Benevolence

The core value of Confucianism is its emphasis on cultivating ethical characteristics represented by *Ren*, which means benevolence or human-heartedness (Fung, 1997). *Ren* is considered fundamental by Confucius (551–479 BC), and represents the cultivation of morals and virtue, senses and a sensibility of right and wrong (Mou, 1983). The essence of *Ren* is “loving others” and for an individual to “perform his duties in society” (Fung, 1997, p42). “The human of *Ren* is one who, desiring to sustain himself, sustains others, and desiring to develop himself, develops others. To be able from one’s own self to draw a parallel for the treatment of others” is the way to practice *Ren* (Fung, 1997, p. 43). Mencius (371–289 BC), another eminent philosopher and Confucian interpreter, answered the question of why people should practice *Ren* based on a theory of the innate goodness of human nature (Fung, 1997). Mencius advocates that we should “care for our own aged parents and extend the same care to the aged parents of others; love our own young children and extend the same love to the children of others”. *Ren* is not only a virtue, but also a combination of all other virtues that represent the Confucian ethical character (Fung, 1997). Through the consistent practice of *Ren*, everyone could become a Junzi or Confucian moral person (Fung, 1997). Historically, Chinese merchants were expected to undertake business with integrity and with a commitment to social welfare; this is the essence of being a “Confucian trader” (Lee, 1996).

Most CSR studies consider the Confucian value of *Ren* or benevolence at the organizational level. The concept of a “Confucian firm” was proposed, a business that manifests the core principles of Confucianism (Ip, 2009a). Stakeholder management strategies should follow the Confucian virtue of *Ren* to “love their employees, care for society and build a harmonious

business relationship with suppliers, partners, customers and competitors” (Wang & Juslin, 2009, p. 444). At the individual level, a notion of “virtuous leadership” was proposed, where a leader follows the Confucian values of self-cultivation, developing and helping others to achieve perfection, and being a benevolent leader as a moral role model (Ma and Tsui, 2015). One of the few empirical studies to look at *Ren* found that benevolence, righteousness, and harmonic interpersonal relationships were positively related to the transformational behaviour of leaders and also to high-performance expectations (Lin, Ho, & Lin, 2013). All these studies have largely focused on the impact of Confucian values at the organizational and managerial levels, while the philosophical influence on CSR among employees is under-researched.

Confucian dynamism

Besides the practice of *Ren*, Confucianism also highlights the importance of *Li*, or ritual propriety, and the observation of social norms to maintain harmonious interpersonal relationships and stable social relationships (Waley, 2005). *Li* represents etiquette and protocols which do not equate to legislative laws or standards but rather to the expectations of society as to how individuals should behave in certain contexts (Waley, 2005). *Li* is regarded as a way to internalize social norms and virtue through the process of inhabitation and ritualization (Tu, 1996). Typical *Li* includes respecting the five cardinal hierarchical relationships (*Wulun*): the relationships between ruler and subordinate, between father and son, between husband and wife, between elder and younger brother, and between friends (Ip, 2009a). The importance of a family or group orientation reflects the fact that individuals are members of a family, whose collective interests should be placed above self-interests, with an overarching norm of filial piety (Ip, 2009a). These Confucian teachings of hierarchical relationships, group orientation, and face-saving are captured in the cultural dimension of “Confucian dynamism” (Chinese Culture Connection, 1987).

Confucian dynamism has been extensively studied in the field of cross-cultural management, and is considered to be a unique form of institutionalism in the East Asian context (Baumann et al. 2016; Zhang et al. 2012; Jaw et al., 2007). *Li*, or ritual, builds a sense of integration within the organization, which relies on the cooperation and interaction of people that strengthen the social and spiritual integration and connect it with the past (Woods & Lamond, 2011). Beyond complying with the law, social norms are important for organizations to consider when undertaking business within specific contexts (Von Weltzien Hoivik, 2007), and corporate responsiveness to social norms and actions that reflect socially desirable values can be seen to echo the Confucian concept of *Li*. It has been claimed that the *Confucian dynamism* values of reciprocity and a focus on building trust and interdependent relationships provide a moral foundation for organizations which can help them avoid the pitfalls of opportunism (Romar, 2004). However, despite the focus of *Confucian dynamism* on prescribing what constitute ethical behaviours for individuals, little is known about how this Confucian value is presented at employee level or how it associates with employees' work-related CSR attitude, behaviour, and impact.

Taoism

The second philosophy we consider as crucial for an ethical foundation is Taoism (or Daoism), which has been a significant philosophical influence throughout history. Laozi, an older contemporary of Confucius and the founder of Taoism, penned his ideas in his 5,000-word book, *Daodejing*. The book is one of the few broadly understood classics on Chinese philosophy (Fung, 1997). Taoism as a philosophy purports that human behaviour and development should follow *Tao* (or *Dao*) – the unnameable which is beyond the descriptions of shape and features but is the beginning of all things (Fung, 1997). Among the *Tao*, which governs the changes of things and which itself is not changeable, the most fundamental *Tao* is

that “when a thing reaches one extreme, it reverts from it” (Fung, 1997, p. 97). The essential message is that “if anything develops certain extreme qualities, those qualities invariably revert to become their opposites” (Fung, 1997, p. 97). Studies have demonstrated the implications of Taoism in leadership (Ma & Tsui, 2015; Xing & Starik, 2017) and in sustainability (Hennig, 2017; Zu, 2016); however its connections with CSR perceptions at individual level remain unknown.

Water-like personality

Some scholars have argued that the cardinal doctrine of Taoism can be understood through the spirit of “water”, which looks soft and feeble yet is powerful and can adapt to whatever shape it comes across (Hennig, 2017). As Laozi stated in *Daodejing*: “The best is like water, good at benefiting all things without competing for gain” (ch. 8). There are five characteristics of water that are regarded as important from a personality perspective and which people should aspire to (Lee et al., 2013). First, water nurtures all other creatures without competing for gaining its own benefits demonstrates the quality of “altruism and supportive”. A water-like person is compassionate for others’ needs and do things for others with no personal motive involved. Second, like water which seeks a lower position and the path of least resistance, people should learn to be “modest and humble” rather than aggressive or suppressive. Water also adapts and fits into the shape of whatever container it is in. Third, water being “flexible and adaptable” to the surrounding environment is important, given that people face constantly changing situations. Fourth, when water gets muddy, how can it be made clear? Laozi said, “Let it be still, and it will gradually become clear again” (ch. 15). People should also cherish the “transparency and clarity” of water which an honorable person should also uphold. Fifth, water is soft yet persistent and powerful, the quality of “perseverance” is also an important character when dealing with difficulties and challenges in everyday work.

Scholars applying Taoism in the field of business argue that Taoist water-like personality values should be cultivated by organizations to build a supportive and respectful corporate culture (Hennig, 2017). Once again, however, these Taoist characteristics are mainly discussed from managerial and organizational perspectives, and how these values are embraced by employees and impact on work-related CSR outcomes has been overlooked.

Nature-human harmony

Another important aspect of Taoism is its holistic view of the relationship between humanity and the cosmos: the *tian-ren-he-yi* ecology, the “nature and mankind combined as one” or “nature-human harmony” which represents both balance and synergy (P. P. Li, 2016). Nature works harmoniously according to its own ways and human should not try to harm and master it, as the relationship between human and nature is reciprocal and retributive (Chan and Lau, 2000). The Taoist principle of *Wu-wei* is also in line with the general theory of “revising movement” of *Tao*. The literal translation of *Wu-wei* into English is “non-action” or “having no activity”, but the real intention is not to do nothing or to have no real action. Rather, *Wu-wei* represents not “over-doing it” – in acting in a natural and spontaneous way, one should restrain one’s activities to what is necessary, and follow the laws of nature (Fung, 1997). From the consumer perspective, a study has shown that customers’ espousal of *Nature-human harmony* is significantly and positively correlated with their intentions of “green” purchasing (Chan and Lau, 2000). Thus it is worth investigating what association there is between this Taoist value and employees’ view of work-related CSR issues, an association which this study explores.

Legalism

Legalism is an important school of philosophy shaping Chinese culture, but it is the least studied in relation to CSR, compared to Confucianism and Taoism. The fundamental difference between Legalism and the other two philosophies lies in its understanding of the essence of human nature. Hanfei (280–233 BC), a student of Xunzi (298–238 BC), inherited the idea that human nature is evil with “a mind of self-interest” (Fung, 1997). Xunzi, who is a major philosopher of Confucianism, believed that through the cultivation and learning of *Li* (ritual propriety) or conventionally accepted standards of behaviour, human nature could be continually refined (Fung, 1997). However, Hanfei upheld the assumption that human nature was selfish and unchanging, and it sought to “pursue interests and advantages, and at the same time aimed to avoid danger and disadvantages” (He, 2011, p. 652). Hanfei consolidated Legalism by synchronizing three core values, namely *Fa*, or the establishment of laws, *Shu*, or the method or skill of controlling and ruling, and *Shi*, or strong leadership with power and authority (Fung, 1997). Scholars argue that Legalism focuses on establishing rules, with strong enforcement, which makes it complementary to Confucianism and Taoism, which appear “soft” and “weak”; the three together form a complete picture of Chinese philosophy (He, 2011; Y. Pan et al., 2012). Therefore, this study includes Legalism as an indispensable philosophical element in examining CSR at employee level, to see how this philosophy is related to employees’ CSR outcomes.

Rule by law

Contrary to the Confucian emphasis on *Li*, Legalism values the importance of *Fa* or law. In other words, the law is more important than moral ethics (Fan, 2001). One of the main Legalist thinkers was Lord Shang Yang (390–338 BC), an important Qin statesman during the Warring States period. Yang carried out a range of reforms which laid the foundation for a strong and

powerful Qin state which conquered all other states and united the country as what is known historically as the first empire of China (Fan, 2001). His systemic reforms were financial (a standardized currency), to do with business (unified weights and measures), and also cultural (the development of a uniform writing) in origin, and these in turn established a wide range of institutions and standardized laws (Fan, 2001). Yang believed that laws should be the “scale to judge behaviours and the mechanism to normalize behaviours” (He, 2011, p. 657). Legalist principles instituted severe punishment for minor offences in order to develop the authority of the law, with people being too afraid to violate it (He, 2011). The political institutions and legal structures of the Qin which were established under the Legalist philosophy were carried forward by successive empires for over 2000 years (He, 2011). According to Legalism, laws should be based on objectivity and fairness, be publicly known, applied equally and within a stable legal system, and most importantly, people should act according to the law (He, 2011). As a result of this history, formally established laws and institutions play an essential role in shaping people’s actions and in formalizing social expectations in China. The Legalist value of *Rule by law* has been neglected in studies of CSR, and how the value manifests at employee level and influences their attitudes, behaviours, and impact on work-related CSR issues deserves attention.

Obedience

Confucianism and Legalism offer two different approaches to achieve obedience. Confucianism assumes that a benevolent ruler will govern society, while Legalism focuses on the necessity of established laws with a system of rewards and punishments (Hwang, 2013). Legalism believed that leaders should recognize and utilize the innate selfishness of human nature in their strategies for ruling. Rule by virtue was unrealistic according to Legalism, and laws were considered necessary for the maintenance of a stable social order when resources

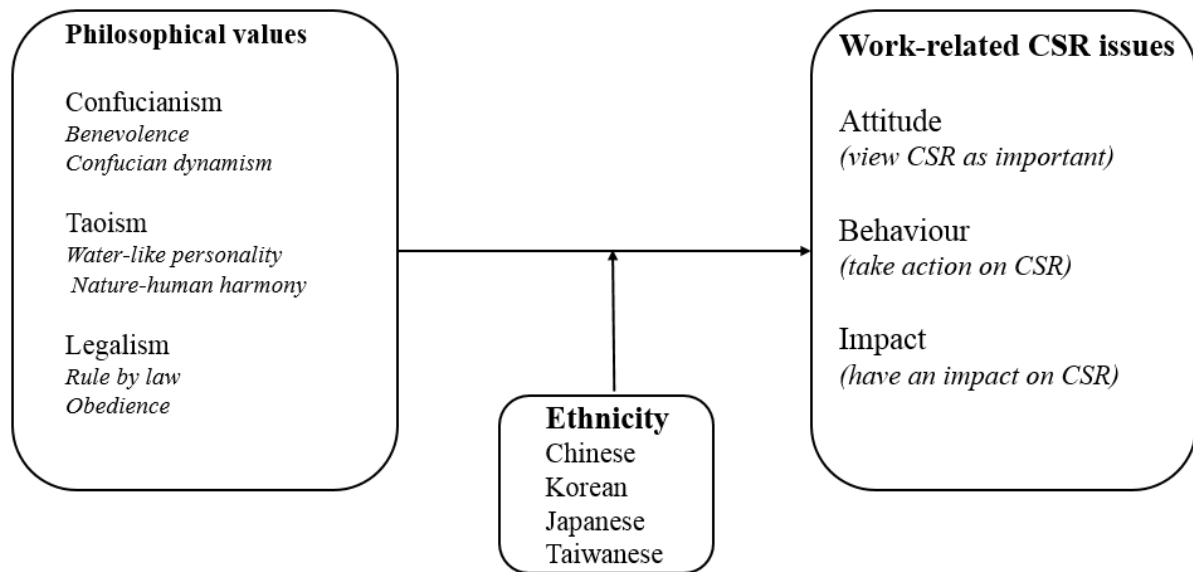
are scare (He, 2011). Powerful leaders should establish their authority by establishing strict laws and monitoring people to ensure they act according to the law (He, 2011). Unlike the Western idea of the rule of law, the *Fa* or law in Legalism does not distinguish between morality and the law (Fung, 1997). Obeying the law is considered as being faithful to the ruler while failure to comply was deemed as being unfaithful and immoral (He, 2011). Legalism emphasizes *Shi* or power, and considers that the relationship between leaders and subordinates is based on absolute and unquestioning obedience (Witzel, 2012). Leaders should hold the power to reward or punish to maintain their authority to rule and to ensure the effective compliance with laws (Hwang, 2013).

In the East Asian context, an awareness of CSR is widely acknowledged among government policymakers, business, industry, and academia (Kim & Moon 2015; Hou et al. 2016). However, voluntary CSR can easily be classified as mere “greenwash” for the purposes of public relations. Companies reveal only positive stories of the consequences of their business, and intentionally conceal negative stories (Global Compact, 2013). Without strong leadership and enforcement, CSR is applied as “fig leaf” strategy by organizations (Moon and Shen, 2010). This is the relevance of the Legalist philosophical value of leadership, with influential leaders guiding people on compliance with laws to support the application of organizational CSR strategies and policies. The value of *Obedience* is relevant at the employee level, to enable the carrying out of leaders’ decisions without deviation, aspiring to improve the CSR performance of employees.

In sum, Confucianism emphasizes people cultivating *Benevolence* and behaving ethically, with *Confucian dynamism*. Taoism prescribes a *Water-like personality* and aims to achieve the ultimate goal of *Nature-human harmony*. Legalism introduces the management skills of *Rule by law* and maintains power to gain *Obedience* from subordinates. These six core values

embedded in the three philosophies set the philosophical foundations for East Asian people, and have significant implications for their attitudes and behaviour towards CSR and their impact on CSR. Figure 3.1 illustrates the conceptual model of this study.

Figure 3.1 The Conceptual model



Methodology

Sample and Data Collection

A questionnaire was designed and dispatched to a sample of full-time employees in China, Korea, Japan, and Taiwan. The questionnaire was first developed in English and then translated in Japanese and Korean by two PhD candidates studying in Australia who were originally from Japan and Korea, both proficient in English. The questionnaire was also translated into Chinese by a PhD candidate from China, who is fluent in both Chinese and English; versions were produced in both traditional and in simplified Chinese characters. To ensure accuracy and consistency, the four versions of the questionnaire in the Asian languages were then translated

back into English to be compared with the English version (Brislin, 1986). They were all found to be equivalent.

The translated questionnaires were administered online to targeted respondents from China, Korea, Japan, and Taiwan through Qualtrics, a company which provides professional online data services for a broad range of global industry partners. Using Qualtrics for data collection significantly helped the researcher to reduce the time and costs which would have been spent on travelling and entering the data, given the large sample size of the study (Alexander et al. 2006). A Project Manager (PM) was assigned in May 2017 to manage the data collection process following the researcher's instructions. Valid responses were filtered based on two criteria. First, respondents were required to spend at least nine minutes on completing the questionnaire with the estimated time for completion being 20 minutes. Second, the PM did straight-lining checking to screen out unengaged respondents who gave the same scale points in response to all questions. These two quality checks ensured that the respondents read the questions carefully, which increases the quality of results (Brandon et al., 2014). The sample in each of the four East Asia societies had similar proportions in each demographic category to have equivalent representation across the different societies.

Out of nearly 12,000 questionnaire invitations sent, 1,038 valid responses were collected representing the final data set, indicating a response rate of 9% which whilst lower than the traditional format, falls within the acceptable rate for online panels (Batinic et al., 2002). Included are full-time employee respondents from China (n=266), Korea (n=265), Japan (n=254), and Taiwan (n=253). The full East Asia sample is equally split between male and female respondents, and the four age groups are also relatively equally portioned with 22.4% between 18-24 years, and 26.1%, 28.7%, and 22.8% for 25-34, 35-44, and 45-55 age groups

respectively. The majority of participants hold a bachelors degree (75.6%), with a smaller portion of employees possessing only secondary education (11.4%), whilst 13% hold a Master's or higher degree (13%). Most respondents are fall under the category of general 'staff' (69.9%), with managers (18.9%) and senior managers (11.2%) also being part of the sample. The manufacturing industry has the largest portion of employees (30%), with the remaining spread across a multitude of industries. The mean work tenure of the full sample is 3.32 years (SD=1.438) in their current organization, with 11% working in Micro organisations (less than 10 employees), 37% in Small (11-250 employees), 21.5% in Medium (251-1000 employees), and the remainder (30%) were in Large corporations with more than 1000 employees. All respondents were kept anonymous, and participation in the survey was voluntary. A summary of the demographic information is presented in Table 3.1.

Table 3.1 Summary of the demographic information on respondents

		China	Korea	Japan	Taiwan	Total
Sample size		266	265	254	253	1038
Gender	Male	50.4%	49.8%	51.6%	50.2%	50.5%
	Female	49.6%	50.2%	48.4%	49.8%	49.5%
Job status	Full-time	100%	100%	100%	100%	100%
Age	18–24	24.4%	16.2%	25.2%	23.7%	22.4%
	25–34	25.6%	28.0%	25.2%	25.7%	26.1%
	35–44	24.5%	26.7%	24.4%	29.7%	28.7%
	45–55	25.5%	29.1%	25.2%	20.9%	22.8%
Education	High school or lower	2.3%	14%	20.5%	9.4%	11.4%
	Bachelor's degree	91%	74.4%	64.1%	71.9%	75.6%
	Master's degree or higher	7.7%	11.6%	15.4%	18.7%	13%
Tenure	<1 year	9.8%	14.0%	15.0%	14.2%	13.2%
	1–3 years	26.7%	28.7%	22.0%	28.9%	26.6%
	4–5 years	14.3%	12.8%	10.2%	13.4%	12.7%
	6–10 years	19.5%	20.4%	18.1%	18.6%	19.2%
	10 years and over	29.7%	24.2%	34.6%	24.9%	28.3%
Job level	Normal staff	60.5%	58.5%	77.2%	84.6%	69.9%
	Lower managers	29.7%	24.9%	10.2%	9.9%	18.9%
	Senior managers	9.8%	16.6%	12.6%	6.5%	11.2%

Measures

Scholars have called for the development of valid measure for philosophical values to enable an in-depth understanding of the values of East Asian societies (Monkhouse et al., 2013). We developed measures of philosophical values based on the constructs which emerged from a review of the literature. A new individual-level CSR measure was also developed based on an international sustainability reporting index which is widely used as a reporting standard for CSR. Except for the categorical demographic variables, all items were measured using Likert scaling (with 1=strongly disagree, 7=strongly agree).

Confucianism. The Chinese Culture Connection (1987) study designed to measure Chinese value dimensions; they were labelled “Human-heartedness” and “Confucian work dynamism” respectively. Though the results of this Chinese Value Survey (CSV) were widely referred to in later studies (e.g. Hofstede and Bond 1988; Hofstede and Minkov 2010; Robertson 2000; Whitcomb et al. 1998; Zhang et al. 2005), criticisms arose. Some argued that the single value items in the study, such as “kindness” and “sense of righteousness”, are unclear and may cause respondents to have difficulty in understanding the items themselves, leading to contradictory results (Newman and Nollen, 1996; Redpath and Nielsen, 1997). To make the items more easily understandable, we developed a single sentence for each value on the “Human-heartedness” dimension to form the items to measure *Benevolence*. Items for the *Confucian dynamism* values were adopted from Monkhouse et al. (2013), who specifically developed scales to capture the values of face-saving, humility, group orientation, hierarchy and reciprocity.

Taoism. The measure of the *Water-like personality* was adopted from the measure developed by Lee et al. (2013) in a psychology study of how students of different cultural backgrounds respond to the Taoist “big five” characteristics. The *Nature-human harmony* value items were from Chan and Lau (2000), who examined this cultural value among consumers.

Legalism. To our knowledge, no measures for Legalism are found in the current literature. Therefore, the *Rule by law* value items were developed based on the study of Chinese Legalist philosophy by He (2011), which summarizes the key characteristics of Legalism. The *Obedience* value was measured following statements in Witzel (2012), which compares the values of Confucianism, Taoism, and Legalism.

A principal component analysis was conducted on the six philosophical constructs to test if the items loaded on each philosophical value reasonably well. Items with less than 0.5 factor

loading were removed to keep the constructs highly convergent. We then tested the Cronbach's α of the six final solutions. As shown in Table 3.2, the results indicate satisfactory reliability and validity of the philosophical variable constructs (Hair, Black, Babin, Anderson, & Tatham, 1998). The mean value of items in each philosophical value is calculated for the later regression analysis (Pritchard, Howard, & Havitz, 1992).

Table 3.2 Philosophical values measure factor loadings and reliability

Variables	Items	Reliability	Factor loading
Benevolence Source: The Chinese Culture Connection (1987)	I always treat others with kindness and love.	Cronbach's Alpha = 0.776	0.810
	I think that harmonious relationship with others will be achieved by adhering to social propriety.		0.801
	I believe that human nature is inherently good; people can be guided by virtue and morality.		0.752
	I should obtain wealth and success through just and ethical means.		0.731
Confucian dynamism Source: Monkhouse et al. (2013)	When I receive a favour, I try to go the extra mile to do something nice in return.	Cronbach's Alpha = 0.746	0.803
	I avoid singing my own praises.		0.787
	If there is a conflict between my interest and my family's interest, I will put priority on mine. (R)		0.698
	I never give up even in the face of adversity.		0.681
Water-like personality Source: Lee et al. (2013)	I would feel a sense of shame if I lose my face.	Cronbach's Alpha = 0.736	0.548
	I try to give generously to those in need.		0.733
	I am a hard worker.		0.670
	I have sympathy for people who are less fortunate than I am.		0.658
	When people tell me that I'm wrong, my first reaction is to argue with them. (R)		0.639
	I would not pretend to like someone just to get that person to do favours for me.		0.617
	I don't have many desires for material things.		0.599
Nature-human harmony Source: Chan and Lau (2000)	We should maintain harmony with nature.	Cronbach's Alpha = 0.763	0.855
	Human beings need to understand the way of nature and act accordingly.		0.840
	Human beings are part of the whole ecosystem.		0.786
Rule by law Source: He (2011)	Laws should be published and be known to the public so that people know how to behave and act.	Cronbach's Alpha = 0.779	0.777
	It is important to define roles and responsibilities when undertaking tasks.		0.722
	When making a decision, my first consideration is whether it violates laws or regulations.		0.693
	Punishment and reward should be applied equally to all people regardless of their status.		0.658
	At work, the law or ethical code of professionalism is my primary consideration.		0.644
	Law is the scale upon which to judge behaviour.		0.548
Obedience Source: Witzel (2012)	Leaders should be feared.	Cronbach's Alpha = 0.727	0.847
	Society is hierarchical with distinct statuses and levels of authority that I respect.		0.818
	The way to make people obey the law is to have severe punishment on the minor offences.		0.747

Note: Extraction method is Principal Component Analysis; (R) indicates that the item is reverse-scored.

This study specifically develops a measure for individual-level CSR, as “measures at the individual level can more accurately capture the degree to which CSR is embedded throughout the organization” (Glavas & Kelley, 2014, p.166). For this study, to develop the measure for individual-level CSR we utilized the G4 Sustainability Reporting Guidelines (hereafter “G4”) released in 2013 by the Global Reporting Initiative (GRI) . G4 is the most up-to-date guidance on sustainability reporting generated through global representatives from “business, labor, civil society, and financial markets, as well as auditors and experts in the various field” and was developed in close communication with “regulators and governmental agencies“ (GRI, 2014, p. 3-5). To achieve standardized practices, G4 was designed to be universally applicable to all types of organizations regardless of size. G4 sustainability indicators are divided into six categories: Economic (EC), Environmental (EN), and Social – which has subcategories of Labour Practices (LA), Human Rights (HR), Society (SO), and Product Responsibility (PR) (GRI, 2014). As a voluntary corporate responsibility reporting framework with a 73 percent application rate for the stand-alone responsibility reports, the G4 framework has been increasingly adopted across the Asia-Pacific region, including in Korea, Taiwan, and China (KPMG, 2015). Studies have shown that adopting G4 can enhance organizational CSR communication, management, and performance (Fernandez-Feijoo et al. 2014; Vigneau et al. 2015; Waddock 2008). Following Evans and Davis (2011), the sustainability indicators from G4 were modified in this study for employee respondents to reflect their work-related CSR issues, rather than to evaluate the CSR performance of organizations. The official G4 Japanese and Korean translations were important references in translating the CSR measure, to avoid any misunderstanding and ensure consistency. Modified items were examined by two experts in the field, and ambiguous or redundant items were either revised or discarded.

More importantly, we measure CSR at the individual level from three distinct dimensions as suggested by Aguinis and Glavas (2012) to investigate “What other theories besides agency theory can explain worker *attitudes* and *behaviours* in the context of CSR?” (p.955). We further examine how employees can have an *impact* upon these CSR issues. Previous studies have predominantly focused on how organizational CSR engagement impact employee organizational commitment and job performance (Brammer et al. 2007; Turker 2009; Zhu et al. 2014). However, we argue that organizational CSR engagement and employees are an interactive two-way relationship. How individual employees within the organization make an impact on each CSR issue, in turn reflects organizational level CSR performance. This direction of the relationship has rarely been examined which the present study will examine. Therefore, employees responded to each CSR issue along the three dimensions of CSR attitude, behaviour and impact (see Appendix A).

As the newly developed CSR measure for the employee level had not been used as an instrument before, an exploratory factor analysis using principal component analysis was carried out to confirm the construct factors (Johnson & Wichern, 2014). For brevity, only the attitude dimension factor loadings are reported here (Appendix B); the behaviour and impact dimensions show very similar results and are available upon request. The principal component extraction method was used, with six factors together accounting for about 70% of the variance. The 37 items loaded on the Economic (EC), Environmental (EN), Labour Practices (LA), Human Rights (HR), Society (SO), and Product Responsibility (PR) factors had adequate convergent factor loadings and Cronbach’s α as shown in Appendix B. The results demonstrate satisfactory reliability and validity of the CSR measure (Hair et al., 1998). In a similar vein, a single value for each factor is obtained using the mean calculation (Pritchard et al., 1992).

The Appendix D gives the descriptive statistics and shows that skewness and kurtosis were not an issue in the philosophical CSR model. The Appendix E gives the correlations of all the variables and indicates that there are no multicollinearity problems and all the philosophical values and ethnicity were significantly correlated with the dependent CSR variables. Therefore, the six philosophical values and their interaction effects with ethnicity were included in the later regression analysis.

Bias prevention and Common Method Variance (CMV)

This study explores the relationship between individual's perceptions of traditional philosophical values and their perceived importance of, intentions to take action on, and the ability to make an impact on specific CSR issues. To minimize social desirability bias in self-reported data, this study respects each respondent confidentiality and clearly communicated in the questionnaire statement that participation was entirely voluntary and the answers are used research purpose only. Also, through the data collection company, there are more than 12,000 survey invitations sent out across the four East Asia societies across different industry and organization types. This widespread sampling allowed the study to cover a wider range of occupations and employee roles (Jiang et al., 2017).

Considering the CMV issue of cross-section survey that respondent may provide consistent answers to questions in different sections that were actually not related (S. Chang, Witteloostuijn, & Eden, 2010; Craighead, Ketchen, Dunn, & Hult, 2011). This paper applied the Harman one-factor test method to check the potential problem of CMV. When loading all philosophical and CSR outcome constructs into a single factor, it only explains 18.6 percent of the variance in the exploratory factor analysis indicating a poor representation of the construct. Also, CMV is not serious when the level of correlations between variables are low (Siemens,

Roth, & Oliveira, 2010). According to Appendix D, no high correlation existed between the philosophical values and CSR outcomes. Moreover, it is suggested that CMV is less likely to happen in interaction relationships (Aiken, West, & Reno, 1991), in our case, the moderation effect of Ethnicity on the philosophy-CSR relationship. Therefore, these tests confirmed the validity of the construct and thus this paper conclude that CMV is not a substantial issue in this paper.

Analysis and Results

The stepwise regression method was used for this exploratory study as it reveals key predictors for each of the dependent variables (CSR) after allowing all the potential predicting variables (philosophical values and interaction with ethnicity) in the model (Derksen and Keselman, 1992). Only the significant variables are retained in the model, ultimately providing the most parsimonious model with the highest R^2 (Baumann et al. 2012; Baumann et al. 2007). We report all the stepwise regression models, but for brevity, only significant interactions in the highest adjusted R^2 model for each CSR dimension will be discussed. We plot the significant interactions to visualize the moderation effects of ethnicity, as this is considered the most comprehensive way to understand the specific nature of the moderation (Hayes, 2013).

Philosophical Values and CSR Attitude

In Table 3.3, the adjusted R^2 results show that philosophical values can explain about 18–23 percent of the variance in the CSR attitude dimension. Different combinations of key philosophical values are found in different CSR categories. The value *Rule by law* emerges as a strong ($p < 0.001$) predictor across all six CSR categories while *Confucian dynamism* and *Obedience* are excluded as non-significant predictors in the attitude dimension. *Water-like personality* shows strong predictive power across all CSR categories except LA. *Benevolence*

emerges as a significant predictor in four CSR categories; it is not a significant predictor for HR or PR. The value *Nature-human harmony* is especially strong in the EN category ($\beta = 0.212$, $p < 0.001$) but excluded as non-significant in the EC and SO categories. Of the three significant interaction effects with ethnicity in the attitude dimension, two are with *Obedience* (for EC and PR), and one is with *Benevolence* (for PR).

Table 3.3 Philosophical values and CSR attitude: Stepwise regression

	Economic (EC)	Environmental (EN)	Labour Practices (LA)	Human Rights (HR)	Society (SO)	Product Responsibility (PR)
Benevolence	0.146***	0.095*	0.101**	—	0.083*	—
Confucian dynamism	—	—	—	—	—	—
Water-like personality	0.255***	0.119**	—	0.186***	0.227***	0.139***
Nature-human harmony	—	0.212***	0.201***	0.133**	—	0.148***
Rule by law	0.142***	0.139***	0.224***	0.185***	0.211***	0.200***
Obedience	—	—	—	—	—	—
Benevolence *	—	—	—	—	—	0.137**
Ethnicity	—	—	—	—	—	—
Confucian dynamism *	—	—	—	—	—	—
Ethnicity	—	—	—	—	—	—
Water-like personality *	—	—	—	—	—	—
Ethnicity	—	—	—	—	—	—
Nature-human harmony *	—	—	—	—	—	—
Ethnicity	—	—	—	—	—	—
Rule by law *	—	—	—	—	—	—
Ethnicity	—	—	—	—	—	—
Obedience *	-0.065*	—	—	—	—	-0.109*
Ethnicity	—	—	—	—	—	—
Ethnicity	—	—	—	—	—	—
Adjusted R²	0.230	0.220	0.200	0.180	0.192	0.201

Note: Standardized coefficients beta; *** $p < 0.001$; ** $p < 0.01$; * $p < 0.05$.

Philosophical Values and CSR Behaviour

In the CSR behaviour dimension, there is relatively lower explanatory power (14–20 percent) compared to the attitude results, and more interaction effects are shown as significant. In Table 3.4, *Confucian dynamism* and *Water-like personality* are consistent significant ($p < 0.001$)

predictors in all CSR categories, Legalist *Obedience* also emerges in all CSR categories but with different levels of significance. *Benevolence* is a significant predictor of how employees they would behave on EC, EN, and PR, but not in the categories of LA, HR, or SO. *Nature-human harmony* and *Rule by law* are non-significant in the behaviour dimension across all CSR categories. Ethnicity significantly moderates the relationship between *Water-like personality* and EN, and between *Nature* and EC, HR, and SO.

Table 3.4 Philosophical values and CSR behaviour: Stepwise regression

	Economic (EC)	Environmental (EN)	Labour Practices (LA)	Human Rights (HR)	Society (SO)	Product Responsibility (PR)
Benevolence	0.118**	0.081*	—	—	—	0.088*
Confucian dynamism	0.139***	0.150***	0.179***	0.148***	0.165***	0.150***
Water-like personality	0.211***	0.441***	0.235***	0.254***	0.258***	0.189***
Nature-human harmony	—	—	—	—	—	—
Rule by law	—	—	—	—	—	—
Obedience	0.110***	0.088**	0.121***	0.084**	0.077**	0.072*
Benevolence * Ethnicity	—	—	—	—	—	—
Confucian dynamism *	—	—	—	—	—	—
Ethnicity Water-like personality *	—	-0.683***	—	—	—	—
Ethnicity Nature-human harmony *	-0.112***	—	—	-0.076**	-0.114**	—
Ethnicity Rule by law *	—	—	—	—	—	—
Ethnicity Obedience *	—	—	—	—	—	—
Ethnicity Ethnicity	—	0.627**	—	—	—	—
Adjusted R²	0.203	0.203	0.159	0.156	0.180	0.144

Note: Standardized coefficients beta; ***p < 0.001; **p < 0.01; *p < 0.05.

Philosophical Values and CSR Impact

The philosophical CSR model has the lowest R² in the impact dimension, with 14–18 percent explanatory power and an increase in the number of significant interaction effects, as shown in

Table 3.5. *Confucian dynamism* and *Water-like personality* show as consistent significant predictors across all six CSR categories. But *Obedience* is only revealed to be significant in EN, while in the other categories it depends on an interaction effect with ethnicity. Also, the significant relationships between the value of *Nature-human harmony* and CSR categories are moderated by ethnicity, except in the case of PR, where there is no significant relationship. An interaction effect is also significant in the relationship between PR and *Benevolence* and *Water-like personality*.

Table 3.5 Philosophical values and CSR impact: Stepwise regression

	Economic (EC)	Environmental (EN)	Labour Practices (LA)	Human Rights (HR)	Society (SO)	Product Responsibility (PR)
Benevolence	—	—	—	—	—	—
Confucian dynamism	0.130**	0.154***	0.137***	0.147***	0.138***	0.119**
Water-like personality	0.276***	0.248***	0.262***	0.265***	0.256***	0.305***
Nature-human harmony	—	—	—	—	—	—
Rule by law	—	—	—	—	—	—
Obedience	—	0.069*	—	—	—	—
Benevolence * Ethnicity	—	—	—	—	—	0.017*
Confucian dynamism * Ethnicity	—	—	—	—	—	—
Water-like personality * Ethnicity	—	—	—	—	—	-0.363***
Nature-human harmony * Ethnicity	-0.256***	-0.164***	-0.228***	-0.233***	-0.240***	—
Rule by law * Ethnicity	—	—	—	—	—	—
Obedience * Ethnicity	0.102*	—	0.124**	0.117**	0.095*	0.107*
Ethnicity	—	—	—	—	—	—
Adjusted R²	0.182	0.182	0.157	0.166	0.167	0.140

Note: Standardized coefficients beta; ***p < 0.001; **p < 0.01; *p < 0.05.

The Moderation Effect of Ethnicity

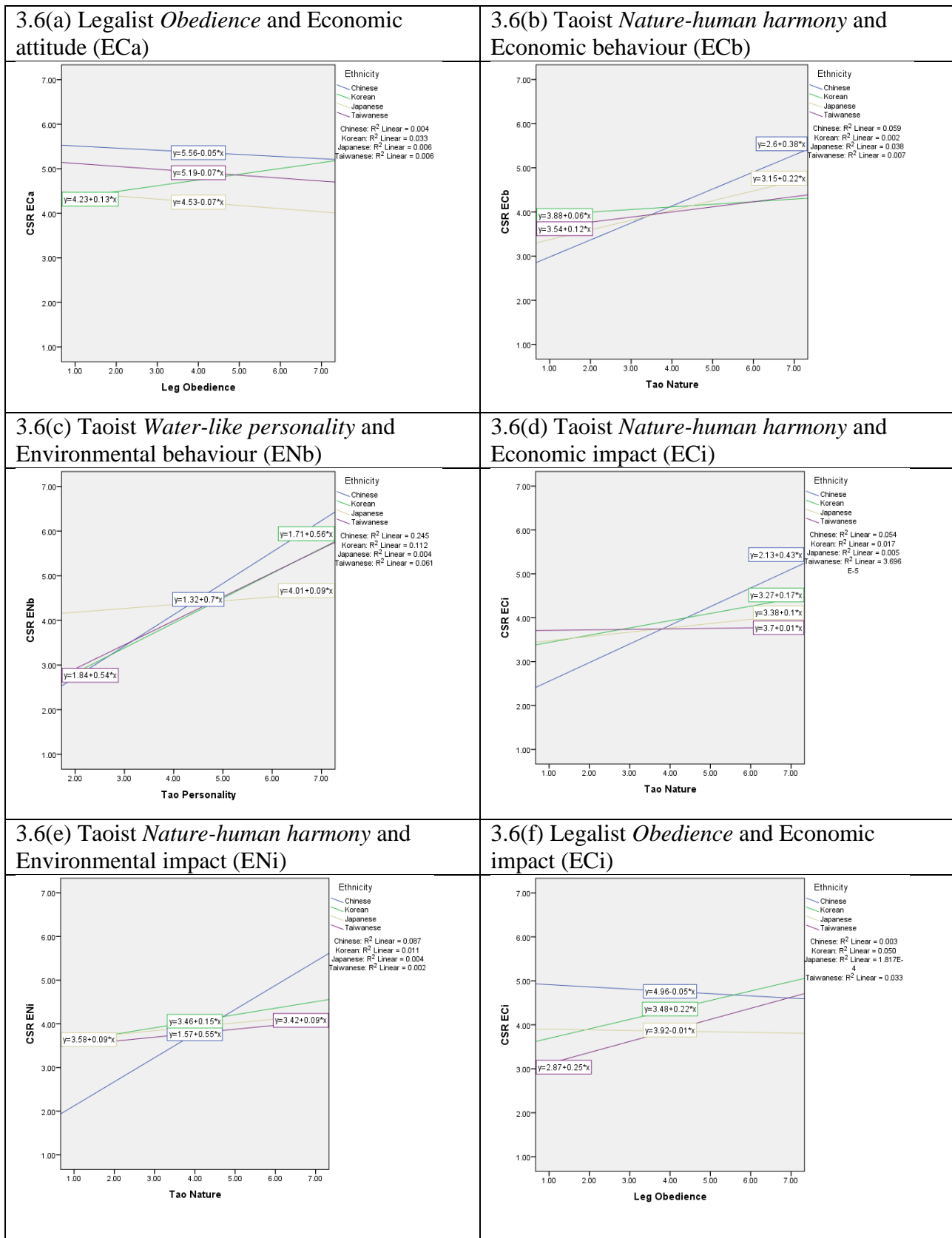
To further understand the moderation effects of ethnicity, we plotted the relationship, as suggested by Hayes (2013), using the PROCESS Model 1; for brevity, we report only the significant interaction effects in the highest R^2 model for each CSR dimension (Table 3.6). In the attitude dimension, the Economic model scores the highest R^2 (0.230) with one significant interaction effect, indicating that the significant association between Legalist *Obedience* and Economic attitude depends on ethnicity. Table 3.6(a) shows for the Chinese, Japanese, and Taiwanese ethnicity groups, Legalist *Obedience* is negatively associated with attitude towards CSR Economic issues, while for the Korean employees there is a positive relationship.

In the behaviour dimension, Economic and Environmental are the highest R^2 models (0.203) with two significant interaction effects. Table 3.6(b) and 3.6(c) show that both Economic and Environmental behaviour increase most rapidly when the regression line relates to the Chinese ethnicity group. The Korean and Taiwanese lines show a very similar slope in Economic behaviour, and almost overlap in Environmental behaviour, with very close slopes (slope = 0.56 and 0.54 respectively). The Japanese line is steeper than Korean and Japanese lines in the relationship between Taoist value of *Nature-human harmony* and Economic behaviour but shows a relatively flat association (slope = 0.09) between Taoist *Water-like personality* and Environmental behaviour.

When it comes to impact, Table 3.6(d) and 3.6(e) show very similar patterns for the four regression lines. The association between Taoist *Nature-human harmony* and Economic impact and Environmental impact are strongest for Chinese employees, and second strongest for Taiwanese employees, while the Japanese and Korean lines come as the lowest, with the same slope. In Table 3.6(f), the association between employees' level of Legalist *Obedience* and how

much impact they can make on Economic issues show interesting results. The Korean and Taiwanese lines show a positive association (slopes = 0.22 and 0.25 respectively) while the Chinese and Japanese lines demonstrate a negative association (slopes = -0.05 and -0.01). This indicates that for Korean and Taiwanese employees, the more *Obedience* they have, the more impact they will have on Economic issues; while for their Chinese and Japanese counterparts, more *Obedience* will lead to the opposite effect.

Table 3.6 Significant moderation effect of ethnicity on the relationship between philosophical values and CSR attitude, behaviour, and impact



Discussion

This study was designed to explore the relationships between East Asian philosophical values and employees' CSR attitude, behaviour, and impact. We were also interested in the moderation effect of ethnicity on those relationships. First, it was found that the Confucian value *Benevolence* is significantly and positively related to employees' CSR attitude and behaviour. This finding is consistent with previous studies at managerial and organizational levels (Ip, 2009; Miles & Goo, 2013; Wang & Juslin, 2009); we have now established that those links also hold at the individual, micro level. Employees with benevolent ethical characters care for their colleagues, show loyalty to their managers and their organization, and pursue their goals through righteousness and just means. This positive mindset also motivates employees to act on work-related CSR issues in line with their philosophical beliefs. *Confucian dynamism*, on the other hand, does not have a significant association with CSR attitude, yet shows positive and significant explanatory power for the dimensions of both behaviour and impact. These findings echo the practical behaviour principles of *Confucian dynamism* that emphasize returning favours and building mutually beneficial social connections as a way to maintain harmony in interpersonal relationships (Hwang et al. 2009). In certain contexts, building personal relationships is an important step to building trust in (potential) business relationships, and ignoring this cultural value could lead to the loss of business opportunities (Von Weltzien Hoivik, 2007). In addition to the direct associations of *Behaviour* and *Confucian dynamism*, the moderation effect of ethnicity on the relationship between the two Confucian values and CSR across all three dimensions is minimal indicating a convergence of Confucianism within the East Asian region, operating in the "Confucian orbit" (Baumann et al., 2016).

Second, the Taoist value of *Water-like personality* showed consistently strong explanatory power in almost all of the three CSR categories (attitude, behaviour, and impact). Our findings are in line with studies that have argued that “water-like” characteristics are essential qualities for leaders (Lee et al., 2013). “Altruistic” employees help colleagues and develop others rather than taking advantage of them, and this creates a positive and favourable work environment for developing CSR. “Modest” employees are motivated to achieve higher goals in their CSR performance. “Flexible” employees adapt to different work situations and deal with CSR issues with creative solutions that suit the context. “Honest” employees get trust from leaders and outside stakeholders such as customers and local communities. “Persistent” employees do not easily give up when facing difficulties and strive to achieve their ultimate goals. The results also support our proposition that the Taoist holistic view of human and nature not only manifests with regard to environmental issues, but also shows significant and positive associations with attitudes toward other social CSR issues. Importantly for this idea, however, the relationship between *Nature-human harmony* and CSR behaviour and impact were significantly moderated by ethnicity. This value exhibits the strongest association with CSR behaviour and impact for Chinese employees. Taoism originates from China, and our study found that the value of *Nature-human harmony* is still crucial for the Chinese today. Some have argued that pressing environmental and social issues in China will benefit from CSR business practices (Wang & Juslin, 2009), and it appears that Taoism can be a contributing factor to progress in this area.

Third, in line with the findings of He (2011), we find that a belief that following laws is moral and ethical significantly drives employees’ CSR attitude. Following established rules and procedures is considered essential for employees in order to understand organizational CSR policies and strategies. In this way, employees know how to act and be rewarded or avoid

punishment. However, when it comes to the dimensions of behaviour and impact, the value of following laws was non-significant. These results support previous research which also found that a rules- or goals-based approach to dealing with workplace issues may not be effective in “relationship” and “process” focused contexts (Ng et al., 2008). For the behaviour and impact dimensions, *Confucian dynamism* and Taoist *Water-like personality* values such as reciprocity in relationships and persistence emerged as more prominent values than *Rule of law* in driving action on work-related CSR. Interestingly, interaction effects of *Obedience* with ethnicity emerged as a significant philosophical driver in the CSR behaviour and impact dimensions. However *Obedience* was not associated with employees’ CSR attitude except in the case of Korean employees. The plotted moderation effects present evidence of different sorts of associations between the philosophical values and CSR among the different East Asian employees. For Korean employees, *Obedience* was an important value that leads to positive CSR attitude and impact. This is not surprising as obeying teachers and seniors is an important quality valued in Korean education and society (Baumann & Krskova, 2016; Baumann, Hamin, & Yang, 2016); Baumann et al. (2016) found that obedience towards supervisors and respect for seniors makes a stronger contribution to the performance of the Korean workforce compared to Chinese and Japanese employees.

Theoretical Implications

As a “builder” study in terms of its theoretical contribution, this study responds to the call for CSR studies that take into account the cultural and philosophical context in order to understand CSR attitudes and behaviours of employees (Aguinis & Glavas, 2012; Barkema, Chen, George, Luo, & Tsui, 2015). In line with previous studies of the personal values and ethical judgment systems of consumers to predict their behaviours, it was important to consider the different value dimensions within a broader theoretical framework (Homer & Kahle, 1988). As such, in

theoretical terms, the present study extends this approach to employees, examining whether broader philosophical systems have strong predicting power when it comes to the CSR attitudes, behaviour, and impact of employees in the East Asian context. Based on the quantitative data collected from China, Korea, Japan, and Taiwan, the present study provides empirical evidence that CSR in East Asia at the individual level can be understood through underlying philosophical values.

More importantly, the results present different combinations of philosophical values as being relevant for different aspects and dimensions of CSR, implying there is a dynamic and complex relationship between the philosophies. Each philosophy revealed at least one value as a significant predictor for CSR outcomes, with different strengths. The philosophical values compete with each other and integrate together in solving various CSR-related issues at work. No single philosophy is missing across the different dimensions of CSR attitude, behaviour, or impact. In other words, each philosophy has at least one core value that is indispensable when reflecting these CSR issues. Therefore, rather than act in an isolated manner as independent variables for CSR outcomes, these philosophical values may interact with each other through their moderating or mediating effects.

Regarding methodology, we have developed new CSR measure for individual-level studies which can be used to measure how employees reflect on their work-related CSR issues, by referring to the most up-to-date G4 standards. This construct was confirmed as a valid measure to assess a wide range of CSR issues, and can serve to standardize CSR measure for cross-cultural studies in the future. Also, by distinguishing employees' CSR attitude, behaviour, and impact, we found that the six philosophical values explain the three dimensions differently. This "3Ds" investigation in one paper allows the comparison of different combinations of

philosophical drivers in different dimensions. The results generated thought-provoking thoughts to enrich our understanding of CSR in East Asia. Furthermore, this study has introduced the moderating role of ethnicity on the associations between philosophical values and CSR. The plotted interaction effects vividly show different philosophical strengths in the four East Asia societies, and future studies could seek to find further explanations of this “cross-vergence” of cultural dynamics (Tung, 2008).

Practical Implications

In the era of information technology and fast-changing innovation, people are increasingly connected and interdependent more than ever. Adopting international CSR standards and frameworks to achieve sustainable development is an inevitable trend as part of global economic integration (S. Waddock, 2008). However, we need to “think globally, and act locally”, that is, we need to “adapt the global thinking to the local context”, as Kefalas (1998) put it. Therefore, to simply translate international codes of conduct and introduce them into an organization is not enough for an effective implementation at the individual level, where local cultural and personal values need to be taken into account. This study has demonstrated that Confucianism, Legalism, and Taoism all have significant values that will help to improve employees’ attitudes towards CSR, motivate their actions on CSR issues, and encourage them to make an impact through work-related CSR.

Thus, this study emphasizes that employee education on traditional values and beliefs should be appreciated and emphasized in order to develop a strong work ethic (Baumann and Winzar, 2017; Woods & Lamond, 2011). Second, different CSR dimensions showed different combinations of the relevant philosophical values, and this has important implications for designing CSR strategies. Following *Benevolence* and *Rule by law* can help managers improve

employees' understanding of CSR; while *Confucian dynamism* and *Water-like personality* can help employees solve problems during the process of implementing CSR policies. Third, given that employees influenced by the value of *Obedience* tend to be submissive to and uncritical of managerial or organizational decisions, a work environment where they can express their thoughts and opinions freely should be established for employees in the decision-making process. It is also worth noting that *Obedience* has greater value among the Korean employees, and creating an obedient working environment may suits the situation of Korea better.

Limitations and Future Research

Future individual-level CSR studies can apply the philosophical framework developed here to other Asian contexts where the influence of Chinese philosophy is also prominent, such as Singapore, Hong Kong, and Vietnam. Also, comparative cross-cultural studies with other countries or regions can be carried out to identify other indigenous cultural values and explore their relationship with CSR attitude, behaviour, and impact. In addition, studies could also explore the possibility of non-linear associations, as the relationships between social science variables are not necessary linear (Manski, 1993). The current study takes the East Asian region as an integrated area which shows distinct cultural traditions from the West and explores the underlying cultural values in this region. However, this approach limits our understanding of how each philosophy is associated with CSR in China, Korea, Japan, and Taiwan respectively. Although the moderation effects illustrate the different associations for each ethnicity group, future research could test this philosophical framework in each of the four East Asia societies separately, and identify any unique cultural values in each society that might also have significant implications for CSR perceptions at the individual level.

As indicated by the results of the regression analysis, different philosophical values combine together in explaining different CSR dimensions and aspects. Confucianism, Taoism, and Legalism are not exclusive, but have co-existed together throughout history in shaping people's attitudes and behaviours (Pan, Rowney, & Peterson, 2012; Ma & Tsui, 2015). It is highly possible that another layer of relationship exists between the philosophical values that has been overlooked in the current CSR literature in East Asia. Studies have demonstrated that East Asian people may adopt opposing or paradoxical philosophical values (Zhang, Waldman, Han, & Li, 2015). Therefore, different philosophies may overlap in certain situations, and they may be combined in solving problems. Future study could develop a systematic East Asian philosophical framework to better explain the complex interaction between philosophies. A comprehensive philosophical framework is needed to illustrate this interlocking and interacting relationship between the philosophies. This integrated philosophical framework would provide significant implications for both theoretical and practical CSR studies in East Asia.

Further research in this area could include a control group such as Western employees that are not familiar with, or are influenced by, East Asian philosophies. Survey data that includes a control group would generate stronger evidence to support the conclusion that East Asian philosophical values are significantly influenced by these three philosophical values. Due to the sample size covering more than 18 industries and various job responsibilities, specific demographic variables were not included in the analysis. However, an individuals' organizations and the industry they belong to may have a significant impact on their perceptions on certain CSR issues. Therefore, further studies following this direction could limit the sample to certain industries to gain a more comprehensive understanding of the philosophical impact on employees' perceptions on certain CSR issues. Future research could also develop more comprehensive theoretical models with multilevel designs, combining

individual and team level, firm level, and community level interactions. Other moderating factors including an organization's ethical culture or its CSR policies, could be introduced into the relationship between an employee's philosophical values and their CSR outcomes. Further mediating factors such as an employee's commitment to the organization, the commitment of management to CSR outcomes, or the impact of ethical leadership could help explore the relationship between philosophical values and individual-level CSR. In addition, cross-disciplinary studies that link with sociology, ancient philosophy, and psychology are also encouraged to gain further insight and deeper perspectives on how an individuals' value orientation is associate with their attitude, behaviour, and impact on specific CSR issues.

Nevertheless, the scope of this study is limited to the East Asia region and people who were influenced by the three traditional philosophies. For contexts that cannot be described within the frame of Confucianism, Taoism, and Legalism, the conclusions are not applicable and require further study to generalize the findings of the present study.

Conclusion

The present study provides empirical evidence for the influence of philosophical values on employees' CSR attitude, behaviour, and impact. Our findings largely support the notion that philosophical values fundamentally drive work-related CSR for East Asian employees. This study offers a new lens to understand CSR perceptions at the individual level, and makes three unique contributions. First, the findings of this study establishes that East Asian philosophical values (Confucianism, Legalism, and Taoism) drive employees' CSR attitude, behaviour, and impact. All the three philosophies are indispensable in the three CSR dimensions across all aspects. Second, we demonstrate nuance differences within East Asia region regarding the strength of these philosophical values in driving CSR outcomes through the moderation effect

of ethnicity. Last but not the least, the study establishes and tests a new measure of CSR dimensions at the individual provide a foundation for future studies in related field. It is hoped that this study will shed light on the theoretical and empirical investigation of the distinct function of philosophical values on CSR. The different combination of philosophical values in different CSR dimension and aspect indicates the dynamic relationship between these values. The seeming opposing values can co-exist together and complimentary to each other in guiding individual attitude and behaviour toward CSR. Organizations and managers promote and manage CSR in the East Asia context should aware of the local and traditional values and integrate them together in solving various CSR issues. Future research is strongly called to further investigate the relationship between the philosophical values and develop systematic theoretical framework to operationalize the philosophical mechanism in driving CSR in East Asia and beyond.

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Appendix A Example of the CSR questionnaire – Economic (EC)

Economic (EC)

	i. "In my opinion, this issue should be <u>important</u> in my organization."							ii. "I take every opportunity to make sure that I <u>act</u> on this issue in my organization."							iii. "My actions on this issue are able to make a <u>significant impact</u> within my organization."						
	SD 1	D 2	SWD 3	N 4	SWA 5	A 6	SA 7	SD 1	D 2	SWD 3	N 4	SWA 5	A 6	SA 7	SD 1	D 2	SWD 3	N 4	SWA 5	A 6	SA 7
1. Maximizing the profitability of the organization in a way that benefits all stakeholders. (eg. employees, customers, investors, government, communities, suppliers)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Recruiting senior management from the local community.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Participating in programs that go beyond the scope of the organization's own operations. (eg. Transport links, utilities, community social facilities, sports centers, or health and welfare centers.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Procuring goods and services from local suppliers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Appendix B CSR measure factor loadings and reliability – attitude dimension

Economic (EC) Items Cronbach's Alpha = 0.720	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
Maximizing the profitability of the organization in a way that benefits all stakeholders (e.g. employees, customers, investors, government, communities, and suppliers).	.280	.390	.138	.126	-.246	.506
Recruiting senior management from the local community.	.147	.029	.089	.071	.180	.767
Participating in programs that go beyond the scope of the organization's own operations (e.g. transport links, utilities, community social facilities, sports centres, or health and welfare centres).	.322	.111	.246	.027	.067	.581
Procuring goods and services from local suppliers.	.277	.068	.135	.171	.075	.717
Environmental (EN) Items Cronbach's Alpha = 0.953	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
Using renewable and/or recycled materials in the manufacturing processes (e.g. raw materials, semi-manufactured goods, or materials for packing).	.717	.240	.179	.132	.046	.240
Reducing organizational impact on climate change and air pollution through use of renewable energy.	.735	.199	.161	.123	.033	.154
Reducing energy use and increasing energy efficiency (e.g. process redesign, changes in employee behaviour).	.697	.353	.051	.175	.007	.153
Reducing water consumption and increasing recycled water in the workplace.	.778	.104	.188	.155	.149	.108
Ensuring the integrity and stability of the surrounding natural habitats during work (e.g. prevention, management, and remediation of damage to natural habitats resulting from the organization's activities).	.757	.176	.223	.134	.208	.104
Prioritizing waste disposing options of reuse, recycling, and recovery over other disposal options (e.g. incineration, deep well injection, or landfill).	.763	.180	.167	.104	.089	.159
Establishing effective recycling and reuse systems within the organization to collect used products or packaging materials to convert to useful materials for new production processes.	.781	.183	.213	.099	.086	.144
Strictly comply with environmental laws and regulations that relate to the organization's operation.	.663	.309	.174	.213	.003	.149
Reducing the environmental impact and carbon footprint both of the organization's transportation of products, goods, materials as well as the method of work commute of its employees.	.743	.206	.209	.101	.213	.137
Establishing a full environmental management accounting system to track the organization's environmental mitigation and protection expenditures (e.g. waste disposal, emissions treatment, remediation costs and prevention and management costs).	.743	.181	.238	.138	.230	.121
Reducing and acting on negative environmental impacts within the supply chain.	.742	.212	.241	.181	.204	.161
Labour Practices (LA) Items Cronbach's Alpha = 0.911	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
The provision of a wide range of indirect benefits to all employees (e.g. life insurance, health care, disability and invalidity coverage, parental leave, retirement provision, or stock ownership).	.240	.780	.140	.202	-.001	.022
Employee representation on organizational health and safety committees to monitor, collect feedback, and advise on occupational health and safety programs.	.292	.658	.259	.115	.195	.043

Following work health and safety regulations to maintain health and safety within the organization.	.245	.733	.176	.173	.150	.102
Regular review of employee work performance and career development.	.185	.743	.196	.193	.154	.140
Ensuring diversity in the composition of the organization's governance bodies and employee cohort (e.g. diversity in gender, age, minority group membership and other indicators).	.244	.559	.313	.126	.422	.096
Resolution of issues relating to organizational labour practices through formal grievance mechanisms.	.221	.670	.249	.199	.309	.089
Human Rights (HR) Items Cronbach's Alpha = 0.888	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
Attend training sessions regarding work related human rights policies and procedures.	.259	.519	.347	.130	.375	.242
Reporting incidents within the organization that violate the non-discrimination policy and ensuring actions have been taken to address the issue (e.g. discrimination on the grounds of race, colour, sex, religion, political opinion, national extraction).	.248	.367	.395	.228	.519	.130
The right of employees of the organization and its suppliers to freedom of association and collective bargaining.	.222	.385	.357	.240	.549	.171
Undertaking effective measures to abolish child labour within the organization and its supply chain.	.314	.172	.404	.242	.583	.108
Taking effective measures to eliminate all forms of forced or compulsory labour in the organization and its supply chain.	.310	.295	.380	.281	.569	.101
Society (SO) Items Cronbach's Alpha = 0.921	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
Developing and undertaking organizational programs based on local community needs (e.g. schools, hospitals, or parks).	.226	.146	.702	.068	.173	.199
Awareness and training of directors and employees and business partners on anti-corruption policies and procedures.	.262	.266	.712	.171	.149	.093
Reporting actions that violate organizational anti-corruption policies and procedures.	.244	.222	.762	.217	.141	.103
Reporting on any organizational anti-competitive behaviour, anti-trust, and anti-monopolistic practices.	.231	.188	.773	.156	.235	.135
Strictly comply with occupational ethical codes or regulations (e.g. accounting fraud, workplace discrimination, or corruption related laws and regulations).	.248	.346	.689	.298	-.027	.087
Taking action on new and existing suppliers as to their negative impact upon society (e.g. reach an agreement on improvement or terminate relationship).	.253	.249	.699	.267	.224	.176
Product Responsibility (PR) Items Cronbach's Alpha = 0.876	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
Strictly comply with regulations and voluntary codes concerning the health and safety impacts of products and services.	.292	.316	.304	.661	.135	.128
Establishing organizational programs that help to measure customer satisfaction (e.g. surveys or interviews).	.268	.259	.311	.661	.237	.133
Reporting on organizational non-compliance with regulations and voluntary codes concerning marketing communications (e.g. advertising, promotions, or sponsorships).	.247	.355	.185	.690	.095	.106
Protecting customer privacy and customer data.	.203	.248	.282	.679	.186	.129

Note: Extraction method is Principal Component Analysis; rotation method is Varimax with Kaiser normalization.

Appendix C Philosophical Values Principal Component Analysis

1. Confucianism

Rotated Component Matrix^a

	Component				
	1	2	3	4	5
Con Kind	.709				
Con Good	.709				
Con Li	.688				
Con Order	.641				
Con Yi	.560				
Con Reciprocity		.810			
Con Favor		.802			
Con Learning		.699			
Con Persist	.464	.477			
Con Face			.819		
Con Shame			.671		
Con Family			.459		
Con Tradition					
Con Thrift2				.856	
Con Thrift				.849	
Con Punishment					.814
Con Discipline					.681

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

2. Taoism

Rotated Component Matrix^a

	Component			
	1	2	3	4
Tao Sympathy	.737			
Tao Help others	.725			
Tao Human/Nature	.696			
Tao Harmony	.674			
Tao Way of Nature	.661			
Tao Work hard	.658			
Tao Adverse	.508			
Tao Modes2	.502			
Tao Flexibility		.831		
Tao Conflict		.751		
Tao Forgive		.698		
Tao Conservative			.731	
Tao Modest			.680	
Tao Honest				.826
Tao Transparent				.699

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

3. Legalism

Rotated Component Matrix^a

	Component		
	1	2	3
Leg Public	.786		
Leg Define roles	.747		
Leg Obey laws	.661		
Leg Leadership	.646		
Leg Equal	.644		
Leg Obey codes	.593		
Leg Law	.509		
Leg Submissive		.797	
Leg Fear Leader		.762	
Leg Hierarchy		.710	
Leg Severe Punishment			
Leg Selfish			.843
Leg Bad			.742

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Appendix D Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness Statistic	Std. Error	Kurtosis Statistic	Std. Error
Benev	1038	1.25	7.00	5.2799	.94443	-.373	.076	.066	.152
Dyna	1038	1.40	7.00	5.2572	.77527	-.258	.076	.362	.152
Person	1038	2.33	7.00	4.9799	.83071	.213	.076	-.037	.152
Nature	1038	1.33	7.00	5.6034	.93009	-.397	.076	-.264	.152
Law	1038	2.43	7.00	5.4060	.74518	-.195	.076	-.262	.152
Obed	1038	1.00	7.00	3.7505	1.19785	-.072	.076	-.163	.152
ECa	1038	1.00	7.00	4.8085	1.00703	-.303	.076	.466	.152
ECb	1038	1.00	7.00	4.4094	1.10234	-.351	.076	.542	.152
ECi	1038	1.00	7.00	4.1513	1.31625	-.423	.076	.029	.152
ENa	1038	1.00	7.00	5.1266	1.14151	-.548	.076	.424	.152
ENb	1038	1.00	7.00	4.6455	1.23494	-.565	.076	.656	.152
ENi	1038	1.00	7.00	4.3167	1.41626	-.500	.076	.017	.152
LAA	1038	1.00	7.00	5.3511	1.09347	-.690	.076	.623	.152
LAB	1038	1.00	7.00	4.7271	1.25961	-.641	.076	.724	.152
LAi	1038	1.00	7.00	4.3448	1.47833	-.491	.076	-.156	.152
HRa	1038	1.00	7.00	5.0588	1.21656	-.536	.076	.440	.152
HRb	1038	1.00	7.00	4.5407	1.34253	-.527	.076	.255	.152
HRi	1038	1.00	7.00	4.2112	1.49799	-.446	.076	-.259	.152
SOa	1038	1.00	7.00	4.9981	1.20561	-.558	.076	.511	.152
SOb	1038	1.00	7.00	4.4875	1.32665	-.523	.076	.351	.152
SOi	1038	1.00	7.00	4.2025	1.48824	-.420	.076	-.182	.152
PRa	1038	1.00	7.00	5.3519	1.16344	-.771	.076	.785	.152
PRb	1038	1.00	7.00	4.8064	1.32409	-.659	.076	.474	.152
PRi	1038	1.00	7.00	4.5060	1.49013	-.548	.076	-.069	.152

Note: Bene = *Benevolence*; Dyna = *Confucian dynamism*; Person = *Water-like personality*; Nature = *Nature-human harmony*; Law = *Rule by law*; Obed = *Obedience*; ECa = Economic attitude; ECb = Economic behaviour; ECi = Economic impact; and similarly for EN (Environmental), LA (Labour Practices), HR (Human Rights), SO (Society), and PR (Product Responsibility).

Appendix E Correlations of All Variables

	Bene	Dyna	Person	Nature	Law	Obed	Ethni	ECa	ECb	ECi	ENa	ENb	ENi	LAA	LAB	LAi	HRa	HRb	HRi	SOa	SOB	SOi	PRa	PRb	PRi
Bene	1																								
Dyna	.583**	1																							
Person	.640**	.662**	1																						
Nature	.573**	.525**	.616**	1																					
Law	.507**	.490**	.517**	.613**	1																				
Obed	-.028	.079*	.002	-.145**	.083**	1																			
Ethni	-.298**	-.195**	-.356**	-.240**	-.185**	-.035	1																		
ECa	.399**	.316**	.440**	.373**	.355**	-.018	-.191**	1																	
ECb	.343**	.359**	.397**	.222**	.251**	.128**	-.236**	.605**	1																
ECi	.287**	.309**	.375**	.193**	.200**	.088**	-.283**	.490**	.761**	1															
ENa	.364**	.323**	.382**	.425**	.379**	-.045	-.110**	.590**	.407**	.329**	1														
ENb	.335**	.365**	.398**	.266**	.249**	.096**	-.227**	.475**	.684**	.627**	.659**	1													
ENi	.295**	.327**	.376**	.207**	.200**	.096**	-.270**	.399**	.636**	.771**	.471**	.803**	1												
LAA	.330**	.295**	.328**	.396**	.398**	-.044	-.074*	.447**	.273**	.192**	.632**	.377**	.223**	1											
LAB	.281**	.344**	.354**	.219**	.229**	.136**	-.151**	.388**	.641**	.581**	.443**	.749**	.630**	.475**	1										
LAi	.259**	.303**	.354**	.178**	.171**	.097**	-.235**	.344**	.564**	.709**	.304**	.627**	.781**	.282**	.759**	1									
HRa	.318**	.289**	.363**	.361**	.362**	-.041	-.121**	.495**	.374**	.315**	.653**	.489**	.378**	.738**	.481**	.369**	1								
HRb	.290**	.324**	.365**	.205**	.206**	.103**	-.181**	.376**	.604**	.580**	.440**	.724**	.653**	.386**	.802**	.723**	.620**	1							
HRi	.279**	.316**	.365**	.183**	.171**	.101**	-.237**	.339**	.557**	.690**	.324**	.629**	.766**	.251**	.684**	.863**	.479**	.821**	1						
SOa	.336**	.323**	.390**	.347**	.371**	-.024	-.170**	.500**	.418**	.364**	.614**	.531**	.409**	.654**	.502**	.376**	.776**	.548**	.437**	1					
SOB	.301**	.344**	.386**	.228**	.216**	.100**	-.228**	.379**	.616**	.602**	.427**	.721**	.662**	.342**	.759**	.716**	.512**	.835**	.757**	.650**	1				
SOi	.263**	.303**	.359**	.179**	.170**	.083**	-.263**	.331**	.551**	.689**	.312**	.620**	.754**	.230**	.665**	.848**	.406**	.727**	.882**	.500**	.823**	1			
PRa	.319**	.290**	.344**	.382**	.373**	-.065*	-.075*	.473**	.365**	.287**	.612**	.458**	.321**	.695**	.442**	.292**	.714**	.434**	.304**	.687**	.443**	.308**	1		
PRb	.295**	.332**	.345**	.244**	.236**	.082**	-.157**	.391**	.596**	.576**	.477**	.712**	.641**	.410**	.760**	.682**	.519**	.754**	.671**	.535**	.777**	.680**	.629**	1	
PRi	.289**	.308**	.339**	.216**	.192**	.065*	-.194**	.359**	.558**	.671**	.373**	.644**	.741**	.294**	.669**	.790**	.423**	.693**	.798**	.445**	.705**	.808**	.456**	.824**	1

Note: N = 1038; **Correlation is significant at the 0.01 level (2-tailed); *Correlation is significant at the 0.05 level (2-tailed); Bene = *Benevolence*; Dyna = *Confucian dynamism*; Person = *Water-like personality*; Nature = *Nature-human harmony*; Law = Rule by law; Obed = Obedience; Ethni = ethnicity; ECa = Economic attitude; ECb = Economic behaviour; ECi = Economic impact; and similarly for EN (Environmental), LA (Labour Practices), HR (Human Rights), SO (Society), and PR (Product Responsibility).

Appendix F Ethics Approval

ETHICS APPROVAL

REFERENCE NUMBER: 5201600896



From: Alex Jackson on behalf of FBE Ethics
Sent: Monday, 27 March 2017 4:21PM
To: Lorne Cummings <lorne.cummings@mq.edu.au>
CC: Nikola Balnave <nikki.balnave@mq.edu.au>;
Chris Baumann <chris.baumann@mq.edu.au>;
Shujuan Xiao <shujuan.xiao@hdr.mq.edu.au>
Subject: Ethics Application Approved 5201600896

Dear Professor Cummings,

RE: 'The Impact of Confucianism, Legalism, and Taoism on Business Ethical Behaviour: an Empirical Examination among Mainland China, Hong Kong, Macau and Taiwanese respondents' (Ref: 5201600896)

The above application was reviewed by the Faculty of Business & Economics Human Research Ethics Sub Committee. Approval of the above application is granted, effective "27/3/2017". This email constitutes ethical approval only.

This research meets the requirements of the National Statement on Ethical Conduct in Human Research (2007). The National Statement is available at the following web site:

<http://www.nhmrc.gov.au/files/nhmrc/publications/attachments/e72.pdf>.

The following personnel are authorised to conduct this research:

Professor Lorne Cummings

Associate Professor Chris Baumann

Ms Shujuan Xiao

NB. STUDENTS: IT IS YOUR RESPONSIBILITY TO KEEP A COPY OF THIS APPROVAL EMAIL TO SUBMIT WITH YOUR THESIS.

Please note the following standard requirements of approval:

1. The approval of this project is conditional upon your continuing compliance with the National Statement on Ethical Conduct in Human Research (2007).
2. Approval will be for a period of five (5) years subject to the provision of annual reports.

Progress Report 1 Due: 27th March 2018
Progress Report 2 Due: 27th March 2019
Progress Report 3 Due: 27th March 2020
Progress Report 4 Due: 27th March 2021
Final Report Due: 27th March 2022

NB. If you complete the work earlier than you had planned you must submit a Final Report as soon as the work is completed. If the project has been discontinued or not commenced for any reason, you are also required to submit a Final Report for the project.

Progress reports and Final Reports are available at the following website:
http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/human_research_ethics/forms

3. If the project has run for more than five (5) years you cannot renew approval for the project. You will need to complete and submit a Final Report and submit a new application for the project. (The five year limit on renewal of approvals allows the Committee to fully re-review research in an environment where legislation, guidelines and requirements are continually changing, for example, new child protection and privacy laws).
4. All amendments to the project must be reviewed and approved by the Committee before implementation. Please complete and submit a Request for Amendment Form available at the following website:
http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/human_research_ethics/forms
5. Please notify the Committee immediately in the event of any adverse effects on participants or of any unforeseen events that affect the continued ethical acceptability of the project.
6. At all times you are responsible for the ethical conduct of your

research in accordance with the guidelines established by the University.
This information is available at the following websites:

<http://www.mq.edu.au/policy/>
http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/human_research_ethics/policy

If you will be applying for or have applied for internal or external funding for the above project it is your responsibility to provide the Macquarie University's Research Grants Management Assistant with a copy of this email as soon as possible. Internal and External funding agencies will not be informed that you have approval for your project and funds will not be released until the Research Grants Management Assistant has received a copy of this email.

If you need to provide a hard copy letter of approval to an external organisation as evidence that you have approval, please do not hesitate to contact the FBE Ethics Committee Secretariat, via fbe-ethics@mq.edu.au or 9850 4826.

Please retain a copy of this email as this is your official notification of ethics approval.

Yours sincerely,

Dr. Nikola Balnave
Chair, Faculty of Business and Economics Ethics Sub-Committee

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Chapter 4: A Philosophical Approach to Corporate Social Responsibility (CSR) in East Asia: The Integration of Confucianism, Legalism, and Taoism

An earlier concept version of this paper was presented at the

5th World Business Ethics Form

On 10th December 2014, Macau, China

The current version of this paper was presented at the

Paper and Idea Development Workshop of the *Academy of Management Journal*

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Abstract

Purpose: Despite the increasing attention on the traditional East Asia philosophies, it is hard to find systematic theoretical frameworks characterized by different philosophical attributes. This paper identifies Confucianism, Legalism, and Taoism as three key non-Western philosophies, and establishes a comprehensive framework to operationalize the interrelationship of these philosophies in driving CSR outcomes. This paper thus offers a new lens for understanding CSR from a philosophical standpoint.

Design/methodology/approach: A Venn diagram is applied to explain the interdependent relationship between the three philosophies. A modified ReVaMB model is applied to CSR, and the moderating role of context and various multilevel factors is highlighted.

Findings: A philosophical approach to CSR is proposed by integrating Confucianism, Legalism, and Taoism. The interactions between the three philosophies are operationalized through a philosophical Venn diagram, which generates new variables which can be used to predict CSR outcomes. A ReVaMB-CSR model is established that provides a new arena for CSR research with a focus on traditional philosophical values.

Research limitations/implications: The ReVaMB-CSR model can be used to analyze CSR at institutional, organizational, and individual levels, significantly raising philosophically focused CSR studies to a new stage. Other indigenous values or more specific ethical and cultural values can be included to enrich the model, and empirical studies with qualitative or quantitative research methods are called for, to test and modify the model.

Originality/value: This study responds to calls for more indigenous theories of CSR and knowledge that better reflects the localized conditions under which CSR strategies and actions are formulated, in turn leading to more effective CSR outcomes.

Keywords: Confucianism; Legalism; Taoism; CSR theories; philosophical approach

Introduction

Responding to calls for indigenous management research (Barkema et al., 2015; Chapple & Moon, 2007; Meyer, 2006; Tsui et al., 2007; Tung, 1994), many studies have started to pay attention to traditional philosophies and cultural values. CSR research in the Asian region shows a strong link to traditional ethics that require businesses to operate responsibly in society; this is underpinned by long-established philosophical beliefs (Chapple & Moon, 2005; Kim & Moon, 2015; Yin & Zhang, 2012). The three most important philosophies which originated in China, namely Confucianism, Legalism, and Taoism, spread to Korea and Japan and have had a significant impact on their cultural traditions also over time (Ch'oe, 1978; Minoru, 1988; Song, 1986; Tu, 2009). Each of these philosophies is a complex and multidimensional system of ideas, and in a single paper it is impossible to cover all their philosophical values (Fung, 1997; Tu, 1996). Thus, for the purposes of this paper, each of these three philosophies is discussed based on a single value that is the most essential and representative value of that philosophy.

These three philosophies have emerged in the CSR literature as being those whose core values are most related to and show significant implications for responsible and ethical business in the East Asian context. In this paper, Confucianism is represented by its core value of *Benevolence*, the requirement to have an ethical concern for others and to build harmonious interpersonal relationships (Romar, 2002; Lam, 2003; Ip, 2009). Legalism is manifested through the value of *Rule by law*, the idea that leaders should establish laws with strict rewards and punishments in order to establish their authority (Hwang, 2008; Ma & Tsui, 2015; Witzel, 2012). The classic value of Taoism examined here is the notion of “water-like” *Flexibility*, adapting to changing situations and motivating innovative thinking (Ma & Tsui, 2015; Lin et al., 2013; Hennig, 2017). While studies in East Asia have increasingly paid attention to these traditional

philosophies and their values, a comprehensive and systematic framework is yet to be established to show how these philosophical values can work together to enhance CSR in East Asia.

It is important to understand that, even though Confucianism, Legalism, and Taoism have different and even opposing views on human nature, they are not mutually exclusive but interlocking, and co-exist in shaping the attitudes and behaviours of East Asian people (Fang, 2012; Lin, Li, & Roelfsema, 2018; Pan et al., 2012). Some have suggested that Confucianism and Taoism combined can provide a “harmony approach” for CSR (Wang & Juslin, 2009). However it has also been argued that virtue or ethics alone cannot solve the complicated CSR issues that companies face (Ip, 2009b), but rather that virtues need to be complemented with established and effective norms, with clearly defined rights and responsibilities (Ip, 2009a). Legalism, as an important component of Chinese philosophy reflecting the “hard” and “strong” aspect of Chinese culture, has been studied less than Confucianism and Taoism in contemporary research (Pan et al., 2012; He, 2011). Legalism is typically regarded as an effective instrument for consolidating the hierarchical social system prescribed by Confucianism (Ch’ü, 1965): Confucianism and Legalism have been said to complement each other to create a comprehensive construct of Chinese philosophy (Hwang, 2013).

Thus, all three of these philosophies should be considered as indispensable philosophical elements for CSR in the context of East Asia. This paper offers an integrated framework, a philosophical approach to CSR that is compatible with the cultural traditions of East Asia. These philosophies not only provide guidance for individuals on how to act, but also have valuable insights on how organizational policies should be managed and how governmental agencies should create a supportive institutional environment for responsible business (Aguinis & Glavas, 2012). Therefore, the philosophical framework we propose here can be applied in

institutional (macro), organizational (meso), and individual (micro) levels (Tung, 2008) of analysis in CSR research.

This paper begins by presenting the three major philosophies, namely Confucianism, Legalism, and Taoism, and discussing the role each philosophy plays in a philosophical approach to CSR. Then, through a Venn diagram, this paper introduces an integrated framework, looking at the different philosophical orientations that arise from the intersections of the philosophies, and discusses their implications for CSR; this is followed by suggestions for operationalizing the philosophical Venn diagram, through the interaction effects between philosophies. Thirdly, the ReVaMB model is applied to the CSR field, highlighting the importance of context and moderating factors for different levels of analysis. Finally, the theoretical and empirical implications of this study for future research are discussed.

A Philosophical Approach to CSR

This paper takes East Asia as a unique context in which CSR is underpinned by core philosophical values unique to its historical and cultural environment, as is also the case in other regions of the world (Tsui, 2004; Tung, 1994). Confucianism, Legalism, and Taoism are the three most influential philosophies in East Asia, each having core values which are manifested by individual ideas, attitudes, and actions (Pan et al., 2012). This study proposes a philosophical approach to CSR through the integration of the Confucian value of *Benevolence* as an ethical “heart”, the instrumental *Rule by law* value advocated by Legalism as the “hand”, and following the Taoist principle of *Flexibility* as the “way”.

Confucianism – The “Heart”

Benevolence is the translation of *Ren*, which is a core value of Confucianism and regarded as a combination of all the virtues, requiring one to cultivate and practice human-heartedness, to

love others, and to have ethical concerns for the broader society (Fung, 1997; Tu, 1996). The fundamental ethical values that underline CSR are in line with Confucian values, and they are an important first step, as they provide the foundation upon which responsible business develops (Miles & Goo, 2013). It has been widely acknowledged in Japan since the Meiji Period (1868–1912) that ethics is as important as profits, and that it is necessary for businesses to make a social contribution (Shibusawa, 2010). The Confucian value of *Benevolence* is fundamental in providing the ethical and moral “heart” for CSR in East Asia, signifying human-heartedness and genuine concern for others.

At managerial level, Confucianism has been found to be congruent with transformational leadership, where leaders act as role models, show concern for subordinates and improve their welfare, and motivate employees to achieve a better performance (Ma & Tsui, 2015). Ethics-based transformational leadership has been found to have positive effects on facilitating an ethical environment within an organization, improving employees’ commitment to the organization, and assisting the process of institutionalizing organizational ethics (Carlson & Perrewé, 1995). The Confucian virtue of *Benevolence*, to love and care for others, is manifested through paternalism, sympathy, forgiveness, friendliness, and trust, which were commonly held as the philosophical foundation of Chinese leaders in their leadership practices (Cheung & Chan, 2005). In a context where expectations and pressure from the community, consumers, and non-governmental organizations are less explicit, ethical leadership and social concern from entrepreneurs are important factors in promoting CSR activities (Yin & Zhang, 2012).

At employee level, researchers have also claimed that when regulative institutions are undeveloped and moral standards have decayed, *Liang xi* (good heart) emerges as a way of ensuring ethical credibility at work, as evidenced by the phrase “I just followed my conscience to conduct work” (Ren & Zhu, 2015, p. 876). Studies have found that managerial commitment

to CSR and ethical business practices, and organizational moral or mission statements, are important predictors of employee CSR performance (Aguilera, Rupp, Williams, & Ganapathi, 2007; Muller & Kolk, 2010). Benevolence has also been shown to have significant implications in shaping employee work values to build harmonious and hierarchical relationships at work (Lin et al., 2013) , a strong sense of learning to build competitiveness (Baumann, Hamin, & Yang, 2016), and a high sense of loyalty and willingness to work overtime (Kang et al., 2017).

Legalism – The “Hand”

Legalism has rarely been examined in the CSR field, given its assumption that human nature is evil and people’s actions are based on self-interest (Fung, 1997; He, 2011). Emerging from an epistemology of the utilitarianism of human nature, Legalism argues that rigorous laws should be accompanied by rewards and punishments to guide people’s behaviour (Fan, 2001). Legalism advocates *Rule by law*, where a leader retains a certain authority (*Shi*), and uses law (*Fa*) and strategies of control (*Shu*) to rule people (He, 2011). Moving this idea to CSR, regulative laws and other institutional structures around CSR are essential in shaping organizational behaviours to be more responsible, accountable, and sustainable (Waddock, 2008). Without enforcement supported by established laws and implementation mechanisms, CSR policies can be manipulated as a “fig leaf” or a “greenwash” strategy for companies, rather than being an authentic implementation (Hanlon, 2008). Therefore, the Legalist emphasis on *Rule by law* acts as the “hand” to bring regulation and enforcement power to CSR strategies by reference to laws and standards.

The legislative promotion of CSR has been widely seen in East Asia over the past few decades. China revised its Company Law in 2006 to explicitly state that corporations should “bear social responsibility” and to emphasize the importance of the protection of employee rights.

Following the introduction of two sets of CSR reporting guidelines introduced by the Shanghai and Shenzhen Stock Exchanges in 2009, the State Council of the PRC published the *China Corporate Social Responsibility Reporting Guidelines* to unify the CSR reporting framework for listed companies (Guan & Noronha, 2014). These governmental incentives triggered a great deal of attention to CSR from both academics and businesses in China (Lin, 2010). Chinese companies actively engaged in CSR disclosure and a number of voluntary international frameworks were widely adopted, such as the Global Reporting Initiative (GRI) and SA8000, the Social Accountability 8000 standard (Guan & Noronha, 2014).

CSR reporting has increased significantly in the past few years in Taiwan, due to the mandatory disclosure requirements of the Taiwan Stock Exchange (KPMG, 2017). Similarly, the recent increase in corporate responsibility reporting in Korea is a reaction to mandatory reporting legislation (KPMG, 2015, 2017). Business ethics and CSR issues have also recently gained attention in Japan, as a result of the introducing of the Charter of Corporate Code in 1991. Since the 1990s, many large listed Japanese corporations have adopted the codes of conduct and established CSR departments or committees for ethical behaviour, following international corporate governance frameworks (Kimura & Nishikawa, 2016).

Taoism – The “Way”

According to Lao Tzu, “One should know the *way* of nature and conduct one’s activities in accordance with it” (Leaman, 2000, p.103). The core value of Taoism can be understood through the spirit of water, which is flexible and adaptive to any condition it encounters (Lee et al., 2013). Taoism provides an overarching worldview that considers not only social relations between people but also the broader interaction between humans and nature as an integral system (Fung, 1997). The wisdom of Taoism is to follow the rule of nature to achieve a

harmonious relationship with external circumstances in order to have sustainable development (Zu, 2016; Hennig, 2017). Therefore, the Taoist idea of *Flexibility* that adapts to the ever-changing context and is in harmony with the social and natural surroundings suggests the “way” to achieve CSR.

As Ip (2013) states, “Taoism not only provides wise and sober guidance to how one should lead one’s life but also contains wisdom on how to run a company and to rule a state” (p. 936). Evidence show that Taoist leadership is characterized by the “rejection of domination, reverse thinking, and selflessness”, fosters environmentally friendly attitudes among employees, and nurtures green behaviour (Xing & Starik, 2017). The practice of CSR does not rely solely on organizational policies or managerial decisions, but should also manifest through employees in their everyday work (Morgeson et al., 2013; Rupp et al., 2006). It has been found that Taoist *Flexibility* that matches empowering leadership gives subordinates autonomy and involves them in decision making (Ma & Tsui, 2015). Creating a supportive and flexible organizational culture as Taoism suggests increases employees’ engagement in CSR activities, which is important for satisfactory CSR outcomes (Hennig, 2017).

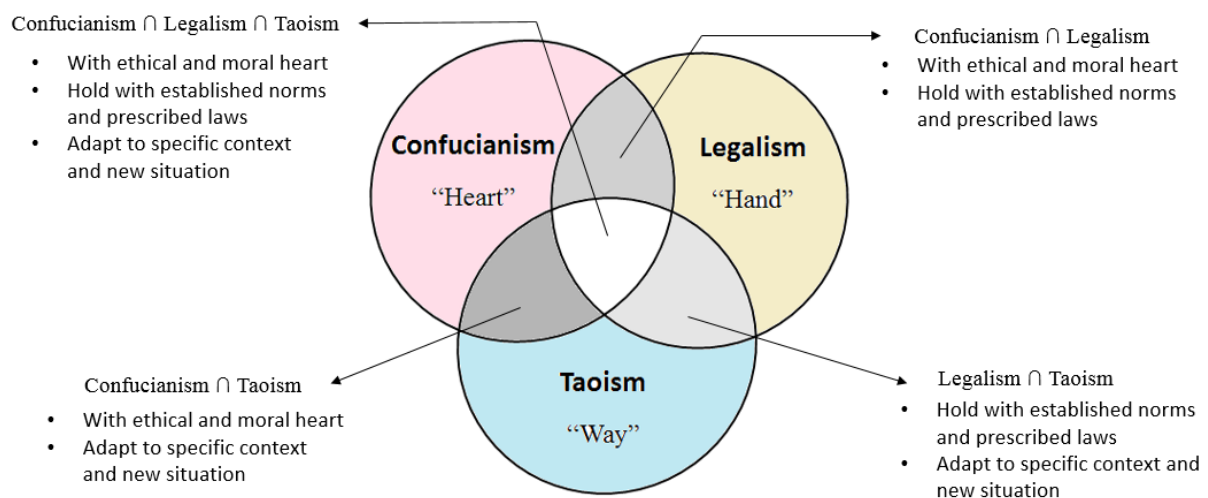
Philosophical Intersections – A Venn Diagram

In the light of the Yin Yang perspective of Chinese philosophy, opposite or contradictory philosophical values actually integrate together and complement each other to generate a philosophical approach with a “holistic, dynamic, and dialectical” nature (Fang, 2012, p. 25). The Yin Yang ideology, deeply rooted in Chinese culture, advocates that opposite and paradoxical values can integrate to achieve more satisfactory results than just following a single approach (Barkema et al., 2015; Zhang et al., 2015). The long-standing East Asia philosophical culture emerged from the joint influence of Confucianism, Taoism, Buddhism, and Legalism, which intertwined while spreading geographically (Baumann et al., 2018). Therefore, rather

than looking at the relevant three philosophies separately as most studies have done, this paper argues that they co-exist and integrate to generate a dynamic approach towards CSR, as they have done more broadly in society for thousands of years (Fung, 1997; Tu, 1996).

A Venn diagram is considered appropriate to illustrate the interaction and overlapping between the three philosophies; we call this the “philosophical approach to CSR”, and it is illustrated in Figure 4.1. Intersection happens when two or three philosophical elements overlap that shows the all possible relations between the elements, represented by the symbol “ \cap ”. The philosophical Venn diagram generates four different intersections which are discussed in details.

Figure 4.1 The philosophical approach to CSR – A Venn diagram



Confucianism \cap Taoism

The Confucian “way of humanity” (*Ren dao*) corresponds with the Taoist notion of the “way of heaven” (*Tien dao*); both have a positive view of human nature and reflect a mindset of compassion and humanity (Fung, 1997; Hwang, 2001). Specifically, the Confucian virtue of benevolence echoes the Taoist personality trait of altruism, caring for others and treating people

with kindness and love (Hwang, 2001). Confucianism and Taoism combined represent the “harmony approach to CSR” that reflects the dominant influence of the ethical drivers for CSR in China (Wang & Juslin, 2009). As Cheung and Chan (2005) have found that successful leaders are flexible, and also not unethical as ethical business is the key. Thus, the intersection of Confucianism and Taoism shows an ethical and moral concern for what a responsible business should be while also embodying the flexibility to change according to the circumstances.

Organizations or CSR practitioners utilizing this approach are often operating in environments where laws or pronouncements on CSR are weak or non-existent (Yin & Zhang, 2012). Some pioneers in this field have a strong moral sense of the need to embrace the concept of CSR within their business, but also are flexible in how they should carry out their understanding of CSR where legal regulation lags behind (Jamali & Mirshak, 2007). The most typical example is corporate philanthropic behaviour that responds to the expectations of society around the behaviour of responsible businesses (Bergman, Bergman, Liu, & Zhang, 2015). Though many studies have demonstrated that institutional pressures such as political and ownership structures have a strong influence on organizational philanthropic behaviour in China (Gao, 2011; S. Li, Song, & Wu, 2015), the historical philosophical foundations of Confucianism and Taoism also significantly drive organizations to donate and to become involved in charity activities (Bergman et al., 2015; Du, Jian, Du, Feng, & Zeng, 2014).

While the other three East Asia societies are developed economies with well-established legal systems and enforcement mechanisms, they still demonstrate a strong ethical force for CSR. Taiwanese enterprises operating in the East Asian business context have been found to have a strong ethical inclination towards environmental and social issues (Wu, 2001). The normative institutional factors which manifest Confucian-influenced ethical values were found to be

stronger in Korean CSR practices than instrumental pressures such as domestic and international regulative pressures (Kim et al., 2013). The two themes of “visionary and directive” and “cool judgement and logicity” have been identified as important aspects of ethical leadership that reflect Japanese culture, which favours calm and decisive leaders with self-restraint (Eisenbeiss, 2012; Haruta & Hallahan, 2009). It can therefore be seen that this particular intersection, Confucianism and Taoism, is a significant force in the CSR in East Asia arena: a strong ethical virtue underpinned by Confucianism, with adaptation to specific national contexts.

Confucianism \cap Legalism

Though Confucianism and Legalism hold opposite assumptions regarding human nature, the two philosophies share the idea of a hierarchical society ordered by status with a respect for authority and obedience towards one’s seniors (Hwang, 2013; Witzel, 2012). During the time of the Han Dynasty in China (206–220 BC), Confucianism was established as the national ideology to soften Legalism’s rigorous strategy of ruling through strict laws (He, 2011). Chinese history is a dynamic combination of Confucianism’s cultivation of virtue and Legalism’s control and punishment (Hwang, 2013). Various dynasties throughout Chinese history utilized the two philosophies to build their authority (Pan et al., 2012; Ch’ü, 1965). The intersection of Confucianism and Legalism requires that an ethical leader in authority establishes laws and standards to secure enforcement.

Organizations can subject themselves to voluntary codes of conduct such as the United Nations Global Compact to demonstrate their ethical commitment (Ortas, Álvarez, Jaussaud, & Garayar, 2015). It is important to note, however, that mandatory laws introduced through governmental initiatives which require publicly listed companies to disclose their social and environmental

performance have substantially driven organizations' attention to CSR issues (KPMG, 2015, 2017). Scholars and managers have realized not only the importance of virtues and ethics as moral guidance, but also of the need to embrace and adhere to laws that impose penalties and incentives in order to guarantee enforcement (Ip, 2009a; Ma & Tsui, 2015). Researchers have suggested that government incentives that reward companies which operate their businesses in responsible and ethical ways are an important motivator to improve CSR (Cooke & He, 2010). It has also been found that financial incentive schemes to motivate employees to improve their work performance are valued by Chinese people more than Caucasians (Tung & Baumann, 2009). What seems clear is that, besides ethical and moral commitments by board members or managers, a performance-based rewards and punishments system is critical for employees to contribute to and react to organizational CSR policies and practices (Rupp et al., 2006).

Legalism ∩ Taoism

Legalism also needs to reflect the Taoist concept of the “way of nature” – laws should not go against the way of nature, and laws should be revised according to changing circumstances (He, 2011). According to Guo Xiang, one of the most cited commenters of the Taoism classic *Daodejing*, institutions and morals that are good for one time may not be good for another, and as times change, rules and standards also need to change accordingly (Fung, 1997). Legalism aligned with Taoism's emphasis on innovativeness will maintain the effectiveness of the law by responding to changed conditions (Pan & Yu, 2001). Thus, the intersection of Taoism and Legalism is where organizations and CSR practitioners learn how to adapt CSR standards and codes of conduct to fit specific and changing contexts.

In this era of information technology and fast-changing innovation, people need “water-like” adaptability in order to provide the necessary flexibility and the creative solutions to deal with

changing situations (Lin, Ho, & Lin, 2013). In the 1990s, many Japanese-listed firms started to introduce the concept of CSR and business ethics by adopting international codes of conducts, however this was considered to be a superficial rather than a substantive change (Kimura & Nishikawa, 2016). Later, firms started to follow the policies of Keidanren, the Japan Business Federation, which emphasize the traditional ethical values espoused by Eiichi Shibusawa (1840–1931), requiring companies to take account of a broad range of concerns when conducting business (Keidanren, 2010). The Keidanren policies have been considered to be a form of “emulative” or “adaptive” management innovation (Birkinshaw, Hamel, & Mol, 2008; Vaccaro, Jansen, van den Bosch, & Volberda, 2012), signifying the importance of ethical leadership in Japan (Kimura & Nishikawa, 2016).

In the early 21st century, the Chinese government also introduced a series of CSR initiatives, such as the *Guide Opinion on the Social Responsibility Implementation for the State-Owned Enterprises Controlled by the Central Government* and also *China Social Compliance 9000 for the Textile and Apparel Industry* (CSC9000T). While these government and industry initiatives followed the format of international standards, they also modified them based on China’s current institutional situation to ensure effective implementation (Lin, 2010). Attitudes and actions are often driven by context (Baumann & Winzar, 2017; Cummings & Guthrie, 2007), and therefore it is critical to follow “the way” (*Dao*) in adapting CSR practices to given situations, whilst still complying with laws.

Confucianism* \cap *Taoism* \cap *Legalism

The philosophical approach to CSR is the intersection of all three of the philosophies; the three separate intersections of two philosophies each have their shortcomings. The combination of Confucianism and Taoism produces a strong ethical foundation for CSR yet lacks the necessary compliance with prescribed laws or regulations. Confucianism and Legalism together establish

a moral and ethical basis which is also equipped with laws and standards to secure enforcement, but the combination fails to consider the circumstances of particular contexts or changing situations. The joining of Legalism and Taoism gives adherence to prescribed CSR laws and promulgations and is also flexible to deal with specific circumstances, but an authentic concern for ethics and morals is absent. Studies demonstrate that successful Chinese leaders do not rely exclusively on Confucianism or any other single philosophy, but synthesize the doctrines of Confucianism, Legalism, and Taoism in their management practices (Cheung & Chan, 2005; Ma & Tsui, 2015). More recently, the three philosophies have been revealed as having a strong influence on the adjustments which expatriates make in developing their inter-cultural leadership practices (Lin et al., 2018). Thus, to ensure satisfactory CSR outcomes, employees and organizations more broadly should ensure that attitudes and actions toward CSR embody all three philosophical attributes:

1. Cultivating and practicing the virtue of benevolence (Confucianism),
2. Establishing laws and standards with rewards and punishments (Legalism), and
3. Being flexible and adaptable to the given and changing context (Taoism).

Generally speaking, the philosophical approach to CSR first requires a moral foundation for a business, which must genuinely care for the interests of broader society (Romar, 2004). The leaders of the organization will develop self-regulation involving practices of sympathy, forgiveness, friendliness and trust (Woods & Lamond, 2011); examples include stakeholder management strategies that care for stakeholder groups such as employees, suppliers, business partners, customers, and the local community (Wang & Juslin, 2009). Secondly, the ethical commitments should be backed by institutionalized and mandatory laws regarding CSR in company codes of conduct and also government regulatory mechanisms (Ip, 2009a). This could involve establishing effective corporate governance frameworks, such as independent CSR

departments within organizations which are in charge of CSR-related issues, and aligning remuneration packages with CSR performance (P. Miles & G. Miles, 2015). Last but not least, CSR policies and practices should also be flexible, based on understanding the specific context, and with employees being empowered to develop innovative CSR solutions accordingly (Ma & Tsui, 2015). There is not a “one size fits all” approach for ethical business and CSR, but rather it is contingent on each context (Resick et al., 2011).

Operationalization of the Philosophical Venn Diagram

Though there are an increasing number of studies which pay attention to philosophical attributes in CSR research, studies so far have often been descriptive or conceptual in nature, and have focused on just one or two philosophical concepts, generally independently of each other (Kim & Moon, 2015; Yin & Quazi, 2016). A few studies have emerged that successfully conceptualize and empirically examine values in different fields of management. For example, the Confucian values of benevolence and righteousness have been claimed to associate with the affective motivation to work overtime in East Asia (Kang et al., 2017). A scale of Confucian and Taoist work values was developed and has been found to interrelated with different dimensions of transformational leadership (Lin et al., 2013). Confucianism, Legalism, and Taoism have also been found to relate to contemporary leadership styles (Ma & Tsui, 2015). Importantly, rather than driving CSR outcomes independently, as prior studies have normally assumed, the three philosophies actually interact with each other through their moderating or mediating effects, although these underlying relationships have largely been overlooked in previous studies. This is summarized in Table 4.1 and discussed as follows.

Table 4.1 Proposed effects of the philosophical values, individually and in interaction

Philosophical predictors		Description	Associated CSR outcomes
<i>Stage 1. The effects of individual philosophical values</i>			
Confucianism	Benevolence <i>The heart</i>	Cultivating the virtues of kindness, human-heartedness, righteousness, and integrity (Pan et al., 2012; Waley, 2005).	Transformational leadership behaviours (Lin et al., 2013; Ma & Tsui, 2015), employee commitment (Chye Koh & Boo, 2004; Hofman & Newman, 2014; Zhu et al., 2014), normative motivation on job performance (Kang et al., 2017), job satisfaction (Chye Koh & Boo, 2004).
Legalism	Rule by law <i>The hand</i>	Establishing laws and standards that clearly define roles and responsibilities with rewards and punishments (He, 2011; Witzel, 2012).	CSR reporting (KPMG, 2015, 2017), CSR awareness (Kimura & Nishikawa, 2016), political access (Wang & Qian, 2011).
Taoism	Flexibility <i>The way</i>	Understanding specific circumstances and adapting to the changing situation (Hennig, 2017; Ip, 2013; Zu, 2016).	Empowering leadership (Ma & Tsui, 2015), employee pro-environmental behaviour (Xing & Starik, 2017), intellectual simulation (Lin et al., 2013).
<i>Stage 2. The effects of the interaction of philosophical values</i>			
Confucianism \cap Taoism	Benevolence * Flexibility	The ethical and moral heart interacts with the ability to adapt to specific contexts (Fung, 1997; Hwang, 2001).	Corporate philanthropy (Bergman et al., 2015; Du et al., 2014; R. Zhang, Rezaee, & Zhu, 2009); the harmony approach (Wang & Juslin, 2009).
Confucianism \cap Legalism	Benevolence * Rule by law	The ethical and moral heart interacts with established laws (He, 2011; Hwang, 2013; Pan et al., 2012).	Paradoxical leadership (Li, 2016; Zhang et al., 2015).
Legalism \cap Taoism	Rule by law * Flexibility	Established laws interact with the ability to adapt to specific contexts (He, 2011; Pan & Yu, 2001).	Paradoxical leadership (Li, 2016; Zhang et al., 2015); adapting standards to specific contexts (Kimura & Nishikawa, 2016; Lin, 2010).
Confucianism \cap Legalism \cap Taoism	Benevolence * Rule by law * Flexibility	The ethical and moral heart interacts with established laws which interact with the ability to adapt to specific contexts (Baumann et al., 2018; Lin et al., 2018; Ma & Tsui, 2015).	Comparative efficiency of CSR policies and practices (Kaul & Luo, 2017).

To advance the research on philosophical values in the CSR field, this study proposes a way to operationalize the philosophical Venn diagram through the effect of the interactions between philosophies, as show in Table 4.1. The majority of studies so far have treated the philosophical values as independent variables that drive CSR outcomes – i.e., they have looked at what are called Stage 1 effects in the table. At this stage, each value acts as an isolate force in driving any CSR outcome. For example, the Confucian value of *Benevolence*, involving ideas such as kindness, human-heartedness, and integrity, has proved to be associated with transformational leadership behaviours (Lin et al., 2013; Ma & Tsui, 2015), organizational commitment (Chye Koh & Boo, 2004; Hofman & Newman, 2014; Zhu et al., 2014), job performance (Kang et al., 2017), to list a few examples. The *Rule by law* value advocated by Legalism has been exemplified in empirical CSR studies relatively rarely, but evidence has been given which shows that national and industrial regulation initiatives are important institutional factors that encourage CSR practices (Campbell, 2007); mandatory CSR reporting requirements have been seen to significantly improve the social and environmental disclosure by organizations (KPMG, 2015, 2017) and improve organizations' awareness of CSR issues (Kimura & Nishikawa, 2016); and CSR has also been considered as a way to gain political access (Wang & Qian, 2011). Similarly, studies on Taoism have found that the value of *Flexibility* is linked conceptually with empowering leadership (Ma & Tsui, 2015), and is significantly associated with pro-environmental behaviour by employees (Xing & Starik, 2017) and intellectual innovation behaviours of transformational leadership (Lin et al., 2013).

However, what has been overlooked are the interactions of these philosophical values through their mediating or moderating effects – the effect of Stage 2 interactions in the table. For example, the way in which *Benevolence* is associated with the paradox of leadership behaviour (Li, 2016; Zhang et al., 2015) – with a requirement to maintain both distance with subordinates

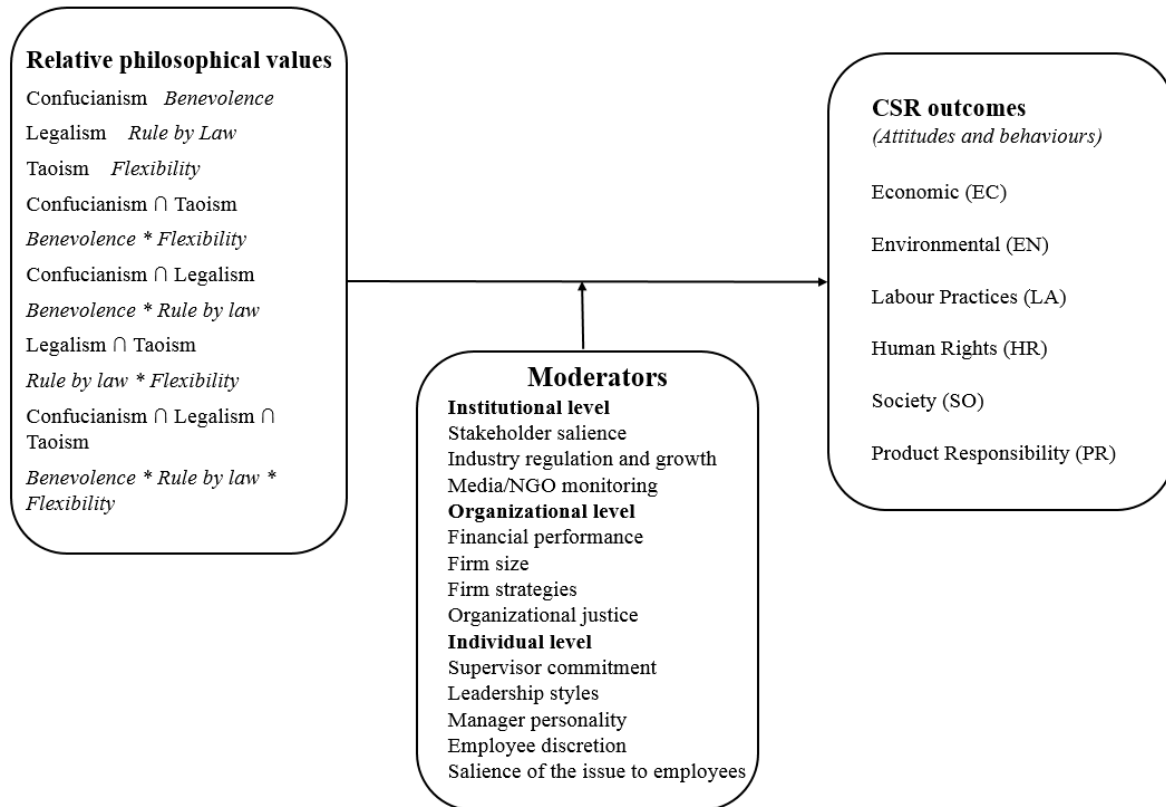
but also keep close interpersonal relationships – may rely on how the leaders appreciate the value of *Rule by law*. How the value of *Benevolence* drives philanthropic behaviours (Bergman et al., 2015; Du et al., 2014; R. Zhang et al., 2009) may depend on the level of leaders' *Flexibility*. How the Legalist value of *Rule by law* is associated with paradoxical leadership behaviour, such as controlling the power of decision making but also allowing employees a level of autonomy in solving issues at work (Li, 2016; Zhang et al., 2015), may be moderated by the level of *Flexibility* in leadership. And finally, the effect of the three-way interaction of the three philosophical values offers potential ways to examine the efficiency of CSR policies and practices (Kaul & Luo, 2017) through the evaluation of all three philosophical dimensions.

The ReVaMB-CSR Model

This paper extends the ReVaMB (Relative Values and Moderated Behaviour) model by including the philosophical predictors illustrated in Table 4.1 as driving CSR outcomes; both the Stage 1 effects of independent values and the Stage 2 effects of the interactions of values are included. The ReVaMB model was initially proposed by Baumann and Winzar (2017) to explore how personal values drive workplace behaviours. The model was also discussed by Minkov (2017), who highlighted the importance of particular circumstances, as “values alone do not drive behaviour, but the relative importance of competing values in different circumstances” (Baumann and Winzar, 2017, p. 35). Therefore, CSR as a “context-specific” concept should also be “context sensitive” that considers the broader circumstances (Whetten, 2009). The relationship between values and behaviours is also moderated by looking at different factors based on different levels of analysis. In statistical terms, the context or the circumstances are regarded as moderators in theoretical models (Baumann et al., 2018).

Scholars have called for theories or predictors other than agency theory that “can explain work *attitudes* and *behaviours* in the context of CSR” (Aguinis & Glavas, 2012, p. 955). The ReVaMB-CSR model, shown in Figure 4.2, is an attempt to respond to this call.

Figure 4.2 The ReVaMB-CSR model



This paper introduces a multilevel view of moderators which follows the suggestion of Aguinis and Glavas (2012) that CSR outcomes are influenced and interpreted by participants from various levels (institutional, organizational, and individual). This paper then applies these multilevel moderating factors in the ReVaMB-CSR model so that philosophical values are subject to a number of multilevel moderating factors as a contingent effect in driving CSR outcomes. The factors which are relevant at each of the three levels are discussed separately.

Institutional or Macro-Level Factors

The relationship between philosophies and CSR outcomes at the institutional level may depend on a wide range of institutional settings. Yin (2017) found that implicit ethical factors play an important role in driving CSR outcomes, and this may depend on the salience of stakeholders (power, legitimacy, and urgency) as David, Bloom, and Hillman (2007) have suggested. The level of industry regulation (Chatterji & Toffel, 2010) and the visibility and intensity of competition also form part of the essential external environment that moderates the relationships between the CSR predictors and outcomes (Chiu & Sharfman, 2011). The presence of monitoring by non-governmental organizations and independent media have also been regarded as critical institutional conditions (Campbell, 2007; Yin, Singhapakdi, et al., 2016), and these may influence the effect of philosophical drivers on CSR outcomes as well.

Organization or Meso-Level Factors

At the organizational level of analysis, the financial performance of a company (Zu & Song, 2009), its ownership structures (Oh, Chang, & Martynov, 2011), and the composition of its board of directors (Liao, Lin, & Zhang, 2016; Lin et al., 2015) may also strengthen or weaken the relationship between the philosophical values and the CSR outcomes. The size of a firm is a commonly used moderator in studies at an organizational level, as large firms or state-owned enterprises may have very different ways in which philosophical values drive CSR outcomes compared to small and private firms (Gao, 2011; Han & Zheng, 2016; Hofman et al., 2017; Li et al., 2015). Moreover, organizational strategies regarding the degree of exposure to the public and a focus on market or non-market stakeholder engagement have strong influence on how organizations interact with their stakeholders (Noland & Phillips, 2010; Tang, Hull, & Rothenberg, 2012); these factors may also enhance or weaken the association between philosophical values and CSR outcomes. A recent study has also shown that organizational

justice is important in an organizational context for shaping people's attitudes, behaviours, and working experiences with the organizations (Colquitt, Greenberg, & Zapata-Phelan, 2005); this may potentially also have an effect on how philosophical values are associated with CSR outcomes.

Individual or Micro-Level Factors

When it comes to analysis at the individual level, there are two kinds of variables most often tested as moderators on the relationship between relative personal values and CSR outcomes. Factors looking from the managerial perspective, such as supervisor commitment (Muller & Kolk, 2010; Osagie et al., 2016), leadership styles (Chan, 2017; Waldman, Siegel, & Javidan, 2006; Wang, Tee, & Ahmed, 2012; Xing & Starik, 2017), manager personality factors (Mudrack, 2007), and equity sensitivity (Mudrack, Mason, & Stepanski, 1999), have been suggested as important variables to take into account. On the other hand, from the employee perspective, individual discretion (Bansal, 2003) and the salience of particular issues to employees (Bansal & Roth, 2000) may also significantly moderate how philosophical values drive the CSR attitudes and behaviours of individuals.

Discussion

In this conceptual paper, we argue that Confucianism, Legalism, and Taoism all play integral roles in driving CSR attitudes and behaviours. In doing this, the paper makes two major contributions to the current literature. First, the paper proposes a Venn diagram to show an integrated philosophical approach to CSR, and suggests the way to operationalize the framework through the effects of interactions between the three philosophies. Second, this paper extends the ReVaMB model (Baumann & Winzar, 2017) to a ReVaMB-CSR model by including the philosophical values in a CSR context and introducing moderating factors from the different levels of analysis suggested by Aguinis and Glavas (2012). The increasing focus

on traditional philosophies in the literatures deserves a systematic framework allowing for the identification of the key factors and conceptualizing the interdependent relationships between philosophies in order to lead the way forward. This paper reveals the underlying layer of relationships between the philosophies by suggesting their potential moderating and mediating effects, underexamined in the literature so far. Thus, this study contributes meaningful implications, both theoretical and practical.

Theoretical Implications

Current philosophically focused CSR studies are still in their infancy, and look only at one or two philosophical dimensions (Ip, 2009a; Wang & Juslin, 2009). This paper suggests that there are three key philosophies – Confucianism, Legalism, and Taoism – that complement each other and can providing a philosophical approach to CSR. Confucianism espouses the inherent goodness of human nature, and the value of *Benevolence* provides a moral and ethical foundation for CSR (Miles & Goo, 2013; Romar, 2002; Woods & Lamond, 2011). Legalism, on the other hand, assumes humans are bad and selfish in nature, and advocates *Rule by law*; this can provide legislation through which CSR policies and practices deliver a degree of enforcement and consistency (He, 2011; Hwang, 2013; Ma & Tsui, 2015). Last but not least, circumstances are constantly changing, Taoism is also indispensable, as its value of *Flexibility* provides the flexible thinking required to adapt to specific and changing contexts when dealing with CSR issues (Hennig, 2017; Zu, 2016). This paper for the first time integrates the three philosophical elements together as the philosophical approach to CSR, illustrated through a Venn diagram that synthesizes the three philosophies into a holistic and comprehensive framework for guiding CSR research and practices.

This paper also extends the current CSR literature by highlighting the underlying interrelationships between Confucianism, Legalism, and Taoism, ignored by previous studies.

The three philosophies are often regarded as isolated, independent predictors for CSR outcomes. The philosophical Venn diagram vividly shows the overlaps of the three philosophies, and this paper suggests a way to operationalize the interactions through their moderating or mediating effects. In doing so, this paper offers new ways to examine the relationship between the philosophies and to see how CSR outcomes can be derived from the combinations of these philosophical values. From a methodological point of view, this model is a significant breakthrough, integrating the three philosophies but also including interaction effects between the philosophical values as predictor variables for CSR outcomes. Through the effects of the two-way and three-way interactions suggested by the model, the paper provides new methods and a new role for philosophical values. Rather than just being of cultural value predictors, each philosophical value can also moderate the relationship of the others to CSR outcomes. For example, organizational justice may strengthen or weaken the moderation effect of the Legalist value of *Rule by law* on the relationship between Confucian *Benevolence* and CSR outcomes. Or the salience of a particular issue to employees may strengthen or weaken the moderation effect of Taoist *Flexibility* on the relationship between Legalist *Rule by law* and CSR outcomes.

Furthermore, this paper has proposed the ReVaMB-CSR model, which offers a comprehensive theoretical framework to operationalize the relationship between philosophical values and CSR outcomes at various levels of analysis. The ReVaMB-CSR model introduces a moderating mechanism which extends the ReVaMB model to CSR studies at various level of analysis. At the institutional level, national and industry regulation, monitoring by independent organizations, and the salience of stakeholder groups in society are important factors to consider. At organizational level, the size of a firm, its financial performance, and its system of organizational justice are suggested as significant moderating factors to investigate. For the individual level of analysis, the ethical commitment of managers, leadership styles, employee

value orientation and the salience of an issue to employees may significantly moderate the relationship between philosophical values and CSR outcomes. The ReVaMB-CSR model forms a new arena as the basis for a range of testable theoretical models at various levels of analysis. This model could drive the development of indigenous management research in new directions.

Practical Implications

The integrated philosophical approach to CSR developed here has great potential for people at different levels of practice. The “heart-hand-way” model combining Confucian *Benevolence*, Legalist *Rule by law*, and Taoist *Flexibility* could act as an assessment template for CSR policies and practices in various contexts.

Governmental policy makers should be aware of these traditional wisdoms when promoting CSR policies and establishing CSR-related laws and regulations to create a supportive institutional environment for responsible businesses. Organizations can apply and embrace integrative thinking in their employee training programs by educating them with the Confucianist virtue of *Benevolence*, and so build an ethical corporate culture. Corporations can adopt codes of conduct and emphasize the importance of following laws whilst also fostering transformational and empowering leadership behaviours among managers. Corporations can also evaluate their stakeholder management strategies and practices by examining whether all three philosophies are followed. An employee incentive system should be established based on organizational and individual CSR performance, and employees should be encouraged to become involved in CSR-related decision making. A comprehensive understanding of these Eastern philosophical values sets the basis for a cultural synergy, which is essential to building a harmonious working environment. CSR involves human judgement and behaviour, and is undertaken and interpreted by people from different cultural backgrounds in different situations.

Therefore, individual employees can also apply this model in cultivating ethical characteristics and in following laws and professional codes of conduct at work, and be flexible and creative when dealing with work-related CSR issues.

Limitations and Future Research

The three philosophies discussed here have evolved and developed through more than 2000 years since they originated in China, and each is a huge and complicated ideological system (Fung, 1997). Therefore, it was impossible here to cover all aspects of each philosophy; rather, the discussion was limited to only a single value for each philosophy, the most representative. In this paper, Confucianism is represented by the core value of *Benevolence*, Legalism by the *Rule by law*, and Taoism by *Flexibility*. There are many more values which can be explored, such as those of reciprocity, group orientation, and self-improvement in Confucianism, Taoist ideas of the harmony between and unity of humans and nature, and the objectivity and severity of Legalism (Baumann et al., 2018). It would be interesting to see how other values associate with CSR outcomes, and what possible effects there would be of interactions between these different philosophical values.

Future studies could also expand to include other specific and indigenous ethical and cultural values in different geographical environments. Though the East Asian region shares similar cultural origins and traditions, in recent decades each country has experienced different trajectories of social and economic development. Processes of cultural divergence, convergence, and cross-vergence are unavoidable challenges for studies of cross-cultural management (Tung, 2008; Tung, Baumann, & Hamin, 2014). Future research could explore further indigenous values in each country that have been overlooked in this paper but that may also contribute to CSR outcomes in one context or the other. It would be of great interest to see if the different philosophical values play a more dominant role in driving CSR in some

countries than in others. Also, each philosophical value may be of different strength even within a country. For example, a more developed area might rely more on Legalism and following the rules, while in a less developed area the Confucianism moral virtue of benevolence may be more prominent in driving CSR.

Finally, this conceptual paper could serve as the groundwork for future empirical studies. Research may test the theoretical framework through qualitative and quantitative methodologies, including observations, interviews, and surveys. Empirical studies could provide more data about how individuals reflect on these philosophical values, and the extent to which these values are both interlinked and contrasting when it comes to attitudes and actions toward work-related CSR issues. Robust empirical data collection in China or East Asia more broadly could supplement or adjust the philosophical model. Given the increasing interest in CSR in East Asia with the ongoing industrialization of its economies, and the resultant pressures and changes within the economic, social, and environmental spheres, this study provides a theoretical basis upon which future empirical studies can be undertaken.

Conclusion

This paper suggests that Confucianism, Legalism, and Taoism not only drive CSR attitudes and behaviours in the East Asian context as separate independent variables, but rather that they interact with each other and can be integrated to provide a philosophical approach to CSR. The ReVaMB-CSR model further proposes that the relationship between the philosophies and CSR outcomes may be moderated by various factors at different levels of analysis. This paper provides CSR researchers, especially those focused on East Asia, with a better understanding of the unique value of the three traditional Chinese philosophies – Confucianism, Legalism, and Taoism. We have demonstrated the possibility of studying CSR from a philosophical perspective by examining how these underpinning value systems interact with each other in

shaping CSR attitudes and behaviours. Finally, this effort to revisit traditional values systems and establish a model to operationalize their influence on CSR is intended to be a starting point in the application of indigenous cultural ethics to solve current business issues. Future studies can continue along this path to explore new possibilities through empirical and theoretical studies to verify or modify the model.

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Chapter 5: Conclusion

Overview

The advance of globalization and international trading has shone a spotlight on the role that businesses play in society, and this has led to increased interest in CSR research (Jamali & Mirshak, 2007). The region of East Asia, represented by China, Japan, Korea, and Taiwan, is an important context for CSR research, because of its importance in the global economy and its unique and distinctive cultural traditions, which differ from those of the West (Baumann & Winzar, 2017; Tsui, 2004; Tung, 1994). Although there is significant CSR literature focused on East Asia, as mentioned in Chapter 1, studies have suggested that the ethical drivers for CSR in East Asia, especially its underlying philosophical foundations, need to be further explored (Barkema et al., 2015; Kim & Moon, 2015; Tsui, 2007). The challenge is to capture and operationalize the relevant traditional philosophical values (Baumann et al., 2018; Fang, Tung, Berg, & Nematshahi, 2017; Monkhouse et al., 2013). This thesis thus contributes to the existing CSR literature by offering a thorough investigation of CSR in East Asia from a philosophical perspective. Specifically, the thesis maps out the landscape of CSR literature in East Asia so far, and identifies an emerging focus on philosophical influences. It then goes on to operationalize the interrelationship between key philosophies by suggesting their potential moderating and mediating effects on each other, and proposes a model to show the mechanism of the associations between the values of the philosophies and CSR outcomes, moderated by distinct factors at various levels of analysis.

In Chapter 1, I began by identifying the specific research context of this thesis. Taking a philosophical perspective to investigate CSR in East Asia, I specified that Confucianism, Legalism, and Taoism are the three most important philosophies considered to have significant implications for CSR in East Asia. CSR literature with a focus on East Asia has not yet been systematically examined to consider the status of philosophically oriented CSR research. In

particular, given CSR analysis has predominantly been carried out at the organizational and institutional levels, individual-level CSR is under-researched. Employees are key stakeholders in organizations, and they contribute to and reflect on organizational-level CSR policies and practices. Thus, it is of great importance to understand how the philosophical orientations of individuals influence their CSR outcomes. In addition, philosophically focused CSR studies have to this point mainly considered philosophical values as independent variables that drive CSR attitudes and behaviours. However, these philosophical values may not be exclusive to each other and they may have underlying interactional relationships that have been overlooked by previous research. Thus, it is of great interest to identify the interrelationships between philosophies and to find a way to operationalize this.

In summary, focusing on China, Japan, Korea, and Taiwan, this thesis has examined:

- (1) the literature of CSR studies in East Asia through a systematic literature review utilizing the methods of co-citation analysis and content analysis (Study 1);
- (2) the key values which are embedded in Confucianism, Legalism, and Taoism, and how these philosophical values drive CSR outcomes at the level of individuals (Study 2);
- (3) the different roles that philosophical values play in driving CSR for people from China, Japan, Korea, and Taiwan (Study 2);
- (4) the interrelationship between various philosophical values, and how to operationalize a representation of the relationship between philosophy and CSR (Study 3).

In the following sections, I summarize the findings of each study, and then elaborate the theoretical and empirical contributions of this thesis. Finally, the limitations of the thesis are discussed, and some suggestions are made for potential future research.

Summary of Results

Study 1 – the systematic literature review

In Study 1 (Chapter 2) I conducted a systematic literature review of CSR with a focus on China, Japan, Korea, and Taiwan, utilizing the co-citation analysis and content analysis. I collected 219 articles from seven leading journals on CSR and management in Asia published in the period 1997–2017. I retrieved 10,197 references from the 219 articles and used the software Gephi to run a co-citation analysis to determine the level of proximity between any two articles; to recap, co-citation happens when two references appear in the same article, and the more identical co-citations there are between two articles, the higher the level of similarity of the two articles (Gmür, 2003). In addition to the co-citation analysis, I undertook a content analysis of the 219 articles using Leximancer, software which carries out unsupervised text mining and provides a conceptual map of the key concepts and latent themes within the text data. This map is based on a semantic analysis that identifies which words appear most frequently within certain contexts, and a relational analysis that clusters the key concepts into themes (Smith & Humphreys, 2006). The two methods of co-citation analysis and content analysis complement each other, and are used here to provide a solid understanding of the CSR literature referring to East Asia.

The co-citation analysis found that most current CSR in East Asia articles congregate in a cluster of *General CSR studies* that mainly look at organizational-level theories, most often Western-developed theories; the most cited theories include stakeholder theory (Freeman, 1984), agency theory (Friedman, 1970), and institutional theory (Scott, 1995). This cluster, found in the co-citation analysis, is paralleled in the results of the content analysis, which reveal that concepts such as “stakeholders”, “institutions”, “government”, “investors”, and “economic” appear most frequently in the texts.

Another notable parallelism between the two analyses is seen between the cluster of *Ethics-focused CSR studies* found in the co-citation analysis and the *Ethical* theme of the content analysis, which demonstrate there is a distinct and emerging focus that considers the ethical drivers of business. The concepts of “Confucianism” and “Taoism” show strong linkages with the *Ethical* theme, and “Legalism” is also revealed to be closely related with “Confucianism”. However, most articles in the *Ethics-focused CSR studies* cluster were found to be descriptive in nature, with normative arguments and a lack of empirical support.

The *Ethics-focused CSR studies* cluster was found to be closely related to the *Cross-cultural CSR studies* cluster; the most outstanding articles in this cluster are Hofstede (1980) and Hofstede, Hofstede, and Minkov (1991). The cultural dimensions developed in these studies, such as power distance, individualism/collectivism, and Confucian dynamism, have been widely applied in cross-cultural studies (Dawkins et al., 2016; Whitcomb and Erdener, 1998; Kim and Kim, 2010; Jackson et al., 2000). On the other hand, some scholars have criticized the use of cultural dimensions as too simplistic and argued that there are more subtle differences and greater complexity than is outlined in this Western-framed cultural framework (Zhang et al., 2005). The co-citation analysis also captured two smaller clusters, *Religion and CSR* and *Guanxi and CSR*; however these are composed of a much smaller number of studies which have had limited attention in the current CSR in East Asia landscape.

Study 2 – the empirical examination

Using a quantitative research design and a rigorous process to collect data from employees in China, Japan, Korea, and Taiwan, Study 2 (Chapter 3) provides empirical evidence that philosophical values drive CSR in East Asia at the level of individuals. Specifically, this study developed measures that capture six key philosophical values embedded in Confucianism (*Benevolence* and *Confucian dynamism*), Taoism (*Nature-human harmony* and *Water-like*

personality), and Legalism (*Rule by law* and *Obedience*). A scale was developed to measure CSR outcomes at the individual level based on the Global Reporting Initiative's G4 standards, which cover the six aspects of Economic (EC), Environmental (EN), Labour Practices (LA), Human Rights (HR), Society (SO), and Product Responsibility (PR). The employees who took part in the study responded to questionnaires to reflect their CSR attitude, behaviour, and impact. The measure show adequate reliability and validity strength, and the potential bias arising from using self-reported survey data is properly addressed. A stepwise regression analysis reveals the most parsimonious philosophical model to explain CSR outcomes. The interactions which were found to be significant were plotted to show the moderation effect of ethnicity in the associations between philosophies and CSR outcomes.

It was found that *Benevolence* is significantly and positively related to employees' CSR attitude and behaviour. *Confucian dynamism* is not revealed as a significant predictor for CSR attitude, but does emerge as having strong explanatory power for the dimensions of both behaviour and impact. The moderation effect of ethnicity on the relationship between these two Confucian values and CSR outcomes across all three dimensions is minimal. *Water-like personality* shows consistently strong explanatory power in almost all of the three CSR categories (attitude, behaviour, impact), whilst the effect of *Nature-human harmony* is significantly moderated by ethnicity. *Rule by law* has a significant effect only on employees' attitude towards CSR. There is a significant interaction between *Obedience* and ethnicity when it comes to the effect of philosophical drivers on employees' CSR behaviour and impact; and *Obedience* is not associated with employees' attitude towards CSR except in the case of the Korean employees. The plots of the moderation effects provide evidence of different types of associations between the philosophical values and CSR among employees from different parts of East Asia.

Study 3 – the conceptual framework

Study 3 (Chapter 4) is a conceptual paper that proposes a philosophical model for CSR which integrates Confucianism, Legalism, and Taoism; each philosophy is represented in the model by a core value that plays a specific role in that philosophy. The Confucian value of *Benevolence* represents the inherent goodness of human nature as the moral and ethical “heart”. Legalism, on the other hand, assumes humans are bad and selfish by nature, and advocates *Rule by law* to ensure laws are present and enforced; this acts as the instrumental “hand”. The most representative value of Taoism, *Flexibility*, is also indispensable as the “way”, providing the ability to adapt to specific and changing circumstances. An integrated framework is required to operationalize the interrelationships between three philosophies. Furthermore, the relationship between the philosophies and CSR outcomes is affected by a wide range of moderating factors relating to different levels of analysis.

An integrated philosophical framework is proposed that combines all three philosophies through the overlapping logic of a Venn diagram. The interactional relationships between the three philosophies are operationalized through their possible moderating or mediating effects. That is, rather than simply looking at these philosophical values as independent variables one by one, the model proposes that the effects of interactions between the various philosophical values also drive CSR outcomes. A ReVaMB-CSR model was also developed to operationalize the relationships between the philosophies and CSR outcomes through the mechanism of moderating factors from various levels of analysis. Moderators at the institutional level include stakeholder salience, national or industry-wide regulation, and monitoring by independent third parties. The financial performance of firms, their size and marketing strategies, and the level of organizational justice are important moderating factors for analysis at the organizational level. Last but not least, there is analysis at the level of individuals, which currently attracts

less attention in the CSR in East Asia literature due to the way in which organizational-level studies are mainstreamed. This study suggests the application of this model for CSR studies to the individual level as well, to consider potentially significant moderating factors such as the ethical commitment of supervisors, leadership styles, personality, and the salience of a particular issue to employees.

Theoretical Implications

Management studies in East Asia have most often applied Western-developed theories and methodologies to the Asia setting or else have just replicated prior studies (Meyer, 2006; Tsui, 2007; Yin & Quazi, 2016). However there have been calls for indigenous management research that moves “beyond the descriptive ‘what is’ research to more theory building and addressing the ‘why’, ‘how’ and ‘should’ questions” (Chapple & Moon, 2007, p.184). Barkema et al. (2015) highlight the “contextual differences between the East and the West in terms of institutions, philosophies, and cultural values”, and state that future Eastern-based research needs to:

“go beyond Western settings, and to tap into the empirical phenomena of the East and its cultural, philosophical, and broader intellectual tradition to create a richer, more robust field of management, in terms of understanding and managing organizations and behaviour globally.” Barkema et al. (2015: 460-461)

In this regard, this thesis responds to these calls to integrate the role of the long-standing philosophical and cultural traditions of East Asia in understanding CSR in specific contexts. Based on ethics- and philosophy-oriented CSR studies, this thesis identifies Confucianism, Legalism, and Taoism as the three key philosophies which drive CSR in East Asia. In the light

of the summary of findings from the three studies given above, there are a number of major theoretical implications for CSR literature which arise from this thesis.

Systematic Literature Review

In Chapter 2, this thesis introduced a way of undertaking a systematic literature review of CSR studies: the combination of co-citation analysis and content analysis, using two recent analytical tools, Gephi and Leximancer. This is the first time in the CSR literature that these two methods have been used to map out the CSR in East Asia landscape (co-citation analysis) and to visualize the connections of latent themes and key concepts (content analysis). This combination of the two analysis has been used in other management research field such as open innovation (Randhawa et al., 2016), tourism and hospitality (Cheng, 2016). Compared to traditional literature review studies in the field of management and CSR – which mainly examine the change over time of the “salience”, “focus”, and “nature” of the literature (Lockett et al., 2006; Moon & Shen, 2010; Yin & Quazi, 2016) – the conceptual maps generated here vividly exhibit how current East Asia-focused CSR studies are spread across different research areas. Scholars interested in specific research contexts can locate themselves on this map within the relevant research community.

The present study extends Ma’s (2009) research both by combining co-citation analysis and content analysis, and by having a specific focus on the emerging CSR literature in East Asia published during two decades from 1997 to 2017. Drawing on the findings of the co-citation and context analyses, Chapter 2 reveals that the dominant focus in research is on organizational-level analysis that applies Western theories to CSR in an East Asian context. This result is in line with recent calls for more individual-level CSR research which would apply theory other than agency theory to explore the values which drive employee’s CSR

attitude, and behaviour (Aguinis & Glavas, 2012; Morgeson, Aguinis, Waldman, & Siegel, 2013; Rupp, Ganapathi, Aguilera, & Williams, 2006).

The co-citation and context analyses also found that a distinct research field of ethics-focused studies emerges from the literature, underpinned by philosophies with a long history in the region, such as Confucianism, Taoism, and Legalism. These findings are consistent with a prior review of CSR in Asia, which concluded that there is a strong ethically driven force in business due to the influence of these historically important philosophies (Kim and Moon, 2015). Nonetheless, these theoretical assumptions lack the empirical evidence to support the idea of these philosophies providing a driving force for CSR in the East Asian context. In addition, the analyses show that there are no overarching studies in the cluster of *Ethics-focused CSR studies*, indicating that a comprehensive theoretical framework to guide research in the field is missing; this contrasts with very clear frameworks represented in the clusters of *General CSR studies* and *Cross-cultural CSR studies*.

Overall, this study has visualized the connections between and interactions among the latent themes and key concepts in current CSR literature in East Asia, and this can serve as a reference map allowing new theories and frameworks to emerge and develop.

The Analysis of CSR Perceptions at the Individual Level

This thesis contributes to the understanding of CSR perceptions at an individual level by examining the associations between employees' personal philosophical value orientations and their CSR attitude, behaviour, and impact. In Chapter 4, this thesis contributes to the literature by offering measures to capture the three relevant philosophies and a valid scale for evaluating CSR at an individual level. Based on survey data collected from employees in China, Japan, Korea, and Taiwan, this thesis empirically tests how philosophical values drive CSR outcomes

at the level of individual employees. This effort to reconceptualize six key philosophical values of Confucianism, Taoism, and Legalism and examine their association with CSR outcomes across East Asia – can be considered as a “builder” theoretical contribution (Colquitt & Zapata-Phelan, 2007, p.1283), as it considers a “previously unexplored relationship or process”.

In terms of the findings of Chapter 4, the regression analysis generated evidence to support the theoretical arguments made by a number of scholars (Hwang, 2012; Ip, 2009a; Romar, 2002; Wang & Juslin, 2009; Xing & Starik, 2017) that the enduring philosophical antecedents of East Asian employees fundamentally drive their CSR outcomes. This is a ground-breaking step, providing empirical evidence that CSR in East Asia at the individual level can be understood through the underlying philosophical values. The stepwise regression revealed that different philosophical values are significant in explaining different aspects of CSR; however, each model reveals at least one core value from each philosophy as significant predictor. These results support our argument that Confucianism, Taoism, and Legalism are all indispensable philosophical elements for CSR. The dynamic combination of different philosophical values sends an important message that these philosophical values are not isolated from each other but rather compete and interact with each other through their moderating or mediating effects, a level of relationship that has been overlooked in the current literature.

Moreover, the minimal moderation effects of ethnicity on the relationships between the philosophical values and the CSR outcomes is in line with the argument that there is a convergence of Confucianism within the East Asian region, operating throughout the “Confucian orbit” (Baumann et al., 2016). Only *Obedience* and *Nature-human harmony* show important effects of ethnicity. *Obedience* shows strong and positive effects on CSR outcomes only for Korea employees, which is in line with literature stating that Koreans respect hierarchical

relationships and value obedience to authority (Alston, 1989). The relationship between *Nature-human harmony* and CSR behaviour and impact were significantly moderated by ethnicity. This Taoist value exhibits the strongest association with CSR behaviour and impact for Chinese employees. The result is not surprising. China's recent outstanding economic success is considered to have been at the cost of the environment. Compelling environmental concerns – such as the worsening air and water pollution – frequently appear among the news headlines, and these can be considered as “natural drivers” for CSR (L. Wang & Juslin, 2009). China is the largest developing country and lacks the effective institutional pressures of the other three developed economies, but Chinese employees respond to *Nature-human harmony* much more strongly than employees from Japan, Korea, and Taiwan. The results appear to support the suggestions that, where there are weak institutions, ethical and moral concerns play an important role in driving responsible business (Chen, 2007; Yin & Zhang, 2012).

An Integrated Philosophical Framework for CSR

Current philosophical or ethics-oriented studies on CSR still remain at an early stage, drawing on only one or two philosophical dimensions (Ip, 2009a; Wang & Juslin, 2009). This thesis advances the current state of ethics-focused CSR research by synthesising Confucianism, Legalism, and Taoism and proposing an integrated philosophical approach to CSR in which all three philosophies are indispensable elements. This approach is in line with previous studies which argue that Confucian *Benevolence* sets the ethical foundation (Miles & Goo, 2013; Romar, 2002; Woods & Lamond, 2011) as the “heart”, the instrumental, Legalist *Rule by law* brings enforcement power (He, 2011; Ma & Tsui, 2015) as the “hand”, and Taoist *Flexibility* to adapt to specific and changing contexts (Hennig, 2017; Zu, 2016) as the “way”. In Chapter 4, this thesis uses the overlapping logic of a Venn diagram to illustrate the interrelationship between the three philosophies.

The philosophical Venn diagram indicates the possible moderating or mediating effects of these philosophical values interacting with each other. For example, rather than just acting as a predictor for CSR outcomes, *Benevolence* could also act as an moderating factor on the relationship between *Rule by law* and CSR outcomes; that is, the association may be strengthened or weakened depending on the level of *Benevolence*. In a similar way, the Taoist value of *Flexibility*, rather than acting as an independent predictor for CSR outcomes, could act as a moderating factor on the relationship between *Benevolence* and CSR outcomes – the level of *Flexibility* could strengthen or weaken this association. This new angle to look at the three philosophies offers a new mechanism of how the philosophical values act together in driving CSR outcomes.

This thesis also extends the current CSR literature by offering a comprehensive theoretical framework to operationalize the relationship between philosophies and CSR outcomes at various levels of analysis. CSR is a context-specific concept, and how organizations or individuals develop certain CSR policies and practices largely depends on the broader circumstances, affected by the level of analysis (Aguinis & Glavas, 2012). This thesis extends the ReVaMB model in the context of CSR to generate the ReVaMB-CSR model by highlighting the importance of the “context” – the moderating factors. The effects of the philosophical values, including both their independent effects and also their effects in interactions, on CSR outcomes, both attitudes and behaviours, is moderated by various factors at different levels of analysis.

This ReVaMB-CSR model could act as the basis upon which various testable theoretical frameworks are developed for future empirical studies. For example, a two-way interaction effect could be found, where the level of organizational justice might strengthen or weaken the moderation effect of the Legalist *Rule by law* value on the relationship between Confucian

Benevolence and CSR outcomes. Equally, the level of industrial regulation may strengthen or weaken the moderation effect of Taoist *Flexibility* on the relationship between *Benevolence* and CSR outcomes. Based on this model, organizational-level theories and individual-level theories can be integrated with philosophical values in order to understand the complex mechanism of context.

In looking at the interaction effects of the three philosophies, the relative strength of *Benevolence*, *Rule by law*, and *Flexibility* could be measured in a particular context. Hosseini and Brenner (1992) have suggested applying the Analytic Hierarchy Process decision-making tool to provide a ranking of alternative (i.e. the preference weights) as well as the importance weights of the attributes of stakeholders. Hierarchical processes are considered to be the most powerful tools in human problem-solving behaviour (Newell, Shaw, & Simon, 1958). This suggests a possible extension, to measure the three philosophical values in CSR contexts to explore how individuals rank the importance of relative values in solving different CSR issues. In doing so, the philosophical values would be weighted based on various criteria and the estimated relative weights could be used to construct an evaluation of the hierarchy in response to the CSR issues at hand. This approach would generate significant implication for CSR practices.

Practical Implications

In general, this thesis suggests a comprehensive philosophical CSR approach integrating Confucianism, Legalism, and Taoism. Chapter 2 is a systematic review study primarily intended to understand the status of CSR studies in East Asia, and thus it has limited implications for practice. In Chapter 3, the philosophical approach is tested among East Asian employees and the results support our arguments that all three philosophies are integral elements in driving CSR. In Chapter 4, I proposed a philosophical Venn diagram to illustrate

the interacting relationships between philosophies and operationalized this relationship through their possible moderating and mediating effects. Here I recap and integrate the potential implications discussed in Chapters 3 and 4 arising from this thesis for practitioners.

First, the findings of the empirical study can provide practical guidance for organizations to emphasize the importance of traditional philosophical values when adapting Western-developed frameworks for CSR. As East Asian organizations are increasingly adopting international codes of conduct and CSR reporting frameworks such as the OECD Principles of Corporate Governance, the United Nations Global Compact, and the standards of the Global Reporting Initiative. However, simply translating these Western-developed standards or principles without referring to what is considered as ethical for people in a different specific context will face challenges in achieving satisfactory outcomes (Von Weltzien Hoivik, 2007). It has been argued that most Western corporate codes of ethics are deeply rooted in cultural dimensions such as universalism and individualism, while interpersonal harmony and collectivism are valued by East Asians (Von Weltzien Hoivik, 2007). Thus, this thesis suggests that when establishing organizational CSR policies and ethical codes of conduct, indigenous ethical values should not be neglected as they fundamentally drive CSR outcomes at the level of individual employees.

Second, the stepwise regression analysis in this thesis generated the most parsimonious philosophical model to explain different CSR aspects across the dimensions of attitude, behaviour, and impact. *Benevolence* and *Rule by law* can help managers improve their employees' understandings of CSR-related issues, while *Confucian dynamism* and the Taoist *Water-like personality* can be applied in problem solving for implementation processes. *Nature-human harmony* is generally important to employees, and is a fundamental value that

not only drives a positive attitude towards CSR issues, but can also motivate employees to take action on work-related CSR issues, and ultimately to make an impact accordingly. This value demonstrates the strongest association with CSR outcomes among Chinese employees. Therefore, organizations in China should emphasize the protection of the environment in their business practices and incorporate this value as part of their organizational culture to create a supportive environment that encourages CSR behaviours. Equally, it was seen that *Obedience* emerged as significant more among Korean employees, and so the creation of a hierarchical working relationship may suit situations in Korea better.

Thirdly, as suggested in the philosophical Venn diagram, each philosophical value has a different role in the integrated philosophical approach to CSR. Therefore, organizations and managers doing business in East Asia should allow for the different strengths of each philosophy when applying them to solve CSR issues. Organizations should establish an ethical and moral corporate culture by drawing on the Confucian doctrines of *Benevolence* that cultivate a virtuous environment. CSR policies should not remain simply in the codes of conduct of an organization, but should be institutionalized in the management systems, with incentive systems and also punishment mechanisms to ensure enforcement. Moreover, the specific and constantly changing surroundings in which the organization is positioned needs to be taken into account, and organizations should adjust their CSR strategies and be actively engaged in adapting to new rules and markets. At a managerial level, the development of an ethical character by following the value of *Benevolence*, to care for others and have a genuine concern for the interests of others, is important. Ethical commitments in meetings and transformational leadership behaviours are the way to demonstrate the “heart” for CSR. In everyday work, there is a requirement for clear definitions of the roles and responsibilities of employees and the establishment of an effective management system to implement CSR

policies. Similarly, managers should also embrace the fact a constantly changing environment requires flexibility, and a need to take into account specific considerations depending on the context is inevitable.

Fourthly, this integrative idea of incorporating different dimensions of philosophies can be applied as a template for organizations and individual employees, specifically in East Asia, to evaluate their CSR policies and practices. Organizations can consider whether Confucianism, Legalism, and Taoism are all embodied in their practices and applied appropriately. Missing any of the three philosophies would lead to a deficiency that would impact the effectiveness of CSR outcomes. The mindset of synthesizing, harmonizing, and balancing these values should be appreciated in any CSR problem-solving process.

Limitations and Directions for Future Research

In this section, I acknowledge some limitations of this thesis that could be addressed in future studies. First, in Chapter 2, following the process of Lockett et al. (2006) for collecting the corpus of articles, this study was limited to a small number of keywords and restricted to seven journals in business ethics and management in Asia. Some important studies in other journals may have been overlooked in this process. To reduce any sampling bias, a careful search process was undertaken, applying multiple keywords. The search results were double-checked on both the Scopus database and by carrying out the same search process independently for each journal on its official website. Both the co-citation analysis and the content analysis are objective in that results were generated by the algorithms of the two pieces of software used. In addition, to achieve a better understanding of each citation in the co-citation process and also the concepts revealed in the content analysis, the abstracts of the 219 articles were reviewed and key articles were carefully read to add a greater in-depth understanding and a

better interpretation of the results. Future studies could apply this approach for systematic literature reviews of the broader CSR literature, covering a longer period of research, or with a focus on other specific research fields.

Second, the philosophical value construct developed for the empirical study in Chapter 3 could be further examined in other Asian contexts influenced by Chinese philosophies historically, such as Singapore, Hong Kong, and Vietnam. Interesting results will be generated by comparing the different strengths of the traditional philosophical values in different regions. Other unique cultural values, specific to people in certain contexts, could also be identified, and it would be of interest to see how these values contribute to CSR outcomes in those contexts.

Third, as shown by the moderating effect of ethnicity in Chapter 3, while the peoples of East Asia share some similar philosophical value orientations, they also differ significantly in certain aspects. More detailed comparative studies could be developed to examine these differences within the East Asian region. What factors contribute to these differences and how people interact in dealing with these differences are also fascinating research areas for future studies.

Fourth, the empirical study mainly relied on the self-reported data from a questionnaire. Even though bias was properly addressed and deemed not a serious issue for this study, future research could apply different research methods to provide more comprehensive and solid evidence to enrich our understanding of and verify the effectiveness of the relationship between the philosophies and CSR outcomes. Data could be collected at organizational level, managerial level, team level, and also the level of individual employees to allow a more robust data analysis.

Concluding Remarks

This thesis follows a process of inductive scientific research through three independent studies to understand CSR in East Asia. It begins with a systematic study of the literature that examines CSR studies with a focus on East Asia. Based on the articles collected from Scopus and their reference lists, I utilized co-citation analysis and content analysis to provide an objective review of the CSR literature East Asia. The co-citation analysis mapped out the current landscape, showing that organizational-level studies following Western-developed theories attract the most attention. A cluster of cross-cultural CSR studies was also revealed, guiding by key frameworks of cultural dimensions. Importantly, ethics-focused CSR studies emerged as a distinct cluster, a set of CSR studies drawing on ethical doctrines and traditional philosophies. The text mining content analysis was complementary to the reference-level co-citation analysis, and revealed themes consisting of related key concepts. In particular, three Chinese philosophies – Confucianism, Taoism, and Legalism – emerged in the content analysis as having strong links to themes of ethics and CSR. The results suggest that these three philosophies have penetrated the CSR literature East Asia and have strong implications for ethical and responsible business in the region.

In the light of the findings of the systematic literature review, I developed a study to empirically test the three philosophies and explore their associations with CSR, at a level of analysis focusing on individuals. This study specifically developed a philosophical construct that captures six philosophical values embedded in Confucianism (*Benevolence* and *Confucian dynamism*), Taoism (*Nature-human harmony* and *Water-like personality*), and Legalism (*Rule by law* and *Obedience*). Moreover, a measure was developed based on the G4 standards to measure employees' CSR attitude, behaviour, and impact. Through a stepwise regression analysis, the most parsimonious philosophical models were generated to explain CSR, and the

significant moderation effects of ethnicity on the relationship between philosophical values and CSR outcomes were also plotted to illustrate the different levels of association within different parts of East Asia. Each philosophy had at least one value revealed as a significant factor in driving CSR outcomes across the dimensions of attitude, behaviour, and impact. The results support our argument that all three philosophies are important in driving CSR in East Asia.

Finally, based on the findings of the empirical study, it was suggested that the philosophical values are not exclusive to each other but co-exist in explaining CSR outcomes. Each philosophy was represented in an integrated philosophical framework by a core value that has the most significant implications for CSR: the *Benevolence* of Confucianism to represent the ethical and moral “heart”, *Rule by law* from Legalism to emphasize the establishment of formal mechanisms to ensure enforcement as the “hand”, and *Flexibility* to understand the “way” that things changes and people need to adapt accordingly. The integrated philosophical framework used the overlapping logic of a Venn diagram to illustrate the interlocking relationship between the three philosophical values, and the overlaps between philosophies were operationalized through their potential moderating and mediating effects. This relationship between philosophies and CSR outcomes was operationalized through a moderating mechanism at different levels of analysis. The proposed ReVaMB-CSR framework was the conclusion of this inductive thinking process that extends the understanding of philosophical values and how they interact with each other in driving CSR outcomes in various contexts.

In summary, the three studies followed an inductive research process, each study addressing a specific research question and setting the theoretical foundation for the next study. The three studies integrate together not only in empirically examining the association between philosophies and CSR, but also contribute a theoretical framework for future empirical tests

and further theory development. This thesis additionally introduced a methodology for systematic literature reviews in CSR, and also enriches CSR research at the level of individuals by examining how personal philosophical values drive CSR outcomes. Finally, the proposed ReVaMB-CSR model not only includes philosophical values as independent predictors but also identify the interacting relationships between philosophical values through their potential moderating or mediating effects. This model opens a new arena for philosophically oriented CSR research by introducing a mechanism to operationalize the relationship between philosophies. It is hoped that future research, at various level of analysis, will continue to investigate the relationship between philosophies and CSR through both empirical and theoretical research, testing and modifying the proposed ReVaMB-CSR model.

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