

# Confucianism *and* branding

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Just as globalization and social responsibility are hot topics of the early 2000s, Asian values were noted in the 1990s before various financial crises put paid to the dream. Yet they remain valid, perhaps more so in the 21st century, as Asian companies have the potential to redefine themselves. This exploratory paper looks at possible directions for future research about the region.

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## Introduction

IN New Zealand in 2000, I asked a Communist Chinese delegate, speaking on human rights and taking the Beijing Politburo's line against the Dalai Lama, what he thought of Confucianism. His response was fluid, showing that he had a gift for understanding his audience and positioning a response to suit.

Through an interpreter, his response was along the lines of: 'In the west, there is a saying that you should do unto others as you would like to have done to yourself. Of course this is a valid concept in China.'

It is perhaps a simplistic explanation, but not too far from the truth. While Confucianism can be explained in terms of respect of authority or filial piety, the core of the philosophy is the exchange of duties. Implicit in this is the well-known belief in personal liberty. This deontological aspect is not foreign nor is it distinctively Chinese. Comparing it to Sweden's success, for instance, there are similarities, namely in the country's outward-looking nature, treating every market as well as a domestic one. Comparing it to English common law, we see concepts of duty, most famously announced by Lord Atkin in the negligence case of *Donahue v. Stevenson*. It is not dissimilar to Jesus's teachings. Nor is it dissimilar to the reciprocity enshrined in the United Nations' Declaration of Human Rights. It can be argued that at the heart of every successful commercial exchange and, therefore, branding, is a concept akin to Confucianism. Its distinctive claim amongst these comparisons is that it predates them, to the time of Buddha.

It is this concept that above all might see the rise of the Asian tiger economies once again, largely because it is widespread and already known. Yet I use the word *might* and I make claim advisedly.

Chinese culture prevails all over the region: there is some degree of control by Chinese businesses in Singapore and Malaysia, for example; the roots of *han* culture form the foundation of Korea; Confucianism was incorporated into Japan's Shintoism in the sixth century; and of course it continues in some form in the Republic of China, or, as it is becoming regularly known, Taiwan. Prior to 1997, Hong Kong was an example; post-1997 there may be something to be said for the Red Chinese's emergence as a powerful economy, though in all the above named places there remain fundamental economic questions. In the People's Republic of China, for instance, 19 million unemployed workers<sup>2</sup> and no proper welfare system are dangerous origins of a threat to the continuation of the current system.

It need not matter whether these economic factors may be remedied. Being aware of Confucianism in a branding context should be of interest to the occidental marketer who wishes to understand the markets more and break, for instance, the hold which domestic brands have in the People's Republic and in Malaysia. It will also help those established in those host countries to further their understanding. This paper flags certain issues for future research, principally

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2. Unofficial estimate. See Forney: 'Workers' wasteland', *Time*, June 17, 2002, pp. 40-7.

how Confucianism could underpin notions of corporate social responsibility and corporate citizenship.

## Origins

As the world economy globalized in the 1960s, east Asian economies took the opportunity to push their products to the world. Mittelman<sup>3</sup> divides the east Asian NICs (newly industrializing countries) into five categories: (a) South Korea and Taiwan; (b) Hong Kong<sup>4</sup> and Singapore; (c) near NICs, which have included Malaysia, Thailand, Indonesia, the Philippines, ‘with some of their neighbors in tow.’<sup>5</sup>

The common perspective of the “Asian miracle” accounts is that the law of comparative advantage worked: high investment ratios, small public sectors, competitive labour markets to name three factors. There was an export-promotion strategy that was inherently outward-looking.<sup>6</sup> Although a specialist in international relations, Mittelman decided not to investigate the Confucian cultural resource, but summarized:<sup>7</sup>

According to [the culturalist] view, Confucian values of temperance, collective purpose, and sacrifice are delimited as distinctive features underpinning East Asian development. A work ethic and obedience to authority are designated as hallmarks of societies infused with Confucian values. These societies are characterized by filial piety, a collectivist ethos, and respect for hierarchy, which provide the bedrock of entrepreneurship.

But there is a problem:<sup>8</sup>

... it must be recalled that before the 1960s, the lack of economic advancement in countries such as Taiwan, South Korea, and China was also explicated in terms of Confucian values. It was argued that Confucianism blocked the emergence of a modern economy. But culture is neither static nor homogeneous. In fact, East (and Eastern) Asian cultures are diverse, often syncretic, and historically contingent.

This explains clearly why, in a book devoted to globalization—rather than one on Asia alone—Mittelman preferred to avoid the Confucian inquiry.

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3. Mittelman: *The Globalization Syndrome: Transformation and Resistance*. Princeton 2000, pp. 147 ff.

4. Which Mittelman, *ibid.*, at p. 147, regards as having its own destiny separate of the People’s Republic. The author’s observations two years on from Mittelman’s thoughts are at odds with this standpoint, however.

5. *Ibid.*, at p. 147.

6. *Ibid.*, at p. 149, citing Greenaway and Chong: ‘Industrialization and macroeconomic performance in developing countries under alternative trade strategies’, *Kyklos*, vol. 41, no. 3, pp. 419–35.

7. *Ibid.*, at p. 150, references omitted.

8. *Ibid.*

The reason branding is attractive in this sphere is that humans are driven less by specific economic factors and more by the emotive cues and other reasons to buy that branding provides. Much of the success can equally be attributed to identity and branding, but reconciling literature from two diverse avenues can be difficult. Amongst Asian brands, it is these cultural aspects that provide them with an Asian cachet, so to speak. Toyota's reputation for service and reliability may be said to be driven by a respect for the customer, in the two-way exchange typified under Confucius's *Analects*. A similar argument may be made, for instance, to the notions of relationship marketing and the Nordic school. If we accept the latter as a fundamental part of modern customer service management, then the inquiry in to Confucianism in relation to working in Asian markets is not a great paradigm shift.

### Confucianism today

Mittelman is right in casting doubt on the way Confucianism was the reason for the lack of advancement in east Asia before the 1960s. Cultures shift, as has Confucianism. Originally a philosophy by which governments should ideally look after their citizens—practised successfully in China over many centuries, at least till the middle of the last millennium—it promised obedience, civility and order for Chinese rulers. The idea is clear enough: look after the people well and the people will respect you. However, stop doing this and you lay down the grounds for revolution. Certainly that is what happened by the beginning of the twentieth century, when the Chings were overthrown and the Republic was born.

It is not necessarily a relationship where the citizen is always subservient to the nation. Indeed, the relationship does not sound unlike what organizations may expect today. Olins's *Trading Identities*<sup>9</sup> and his subsequent opinion on nation branding in a recent *Journal of Brand Management*<sup>10</sup> are fitting works on the topic where corporations are, gradually, taking on the responsibilities of countries. It is said that 46 of the world's top 100 economies are corporations.<sup>11</sup> Therefore, the level of enquiry into some of these companies is as intense as that of any nation: witness the various cases into Nike and, perhaps more infamously at the time of this paper's authoring, Enron. Journalists on the political beat often report on developing stories as well as those that have occurred but have been revealed under privilege within Congress or Parliament; similarly, Nike's alleged working practices have been the subject of many an article and television programme, but no major single event has caused a shock for the company, while Enron's examination has been *ex post facto*.

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9. Olins: *Trading Identities: Why Companies and Countries Are Taking on Each Other's Roles*. London: Foreign Policy Centre 1999.

10. Olins: 'Branding the nation—the historical context', *The Journal of Brand Management*, vol. 9, nos. 4–5, April 2002, pp. 241–8.

11. Gilmore: 'A country—can it be repositioned? Spain—the success story of country branding', *The Journal of Brand Management*, vol. 9, nos. 4–5, April 2002, pp. 281–93.

On the positive side, Hennes & Mauritz AB in 2001 issued a statement showing its close inspections of factories and that it did not use sweatshop labour, helping the Swedish firm's positioning, while Volkswagen on June 10, 2002 signed a workers' charter 'that gives its 320,000 employees worldwide the same social rights, regardless of where they live and work.'<sup>12</sup>

Volkswagen's case is interesting as it could have arguably implemented such a policy earlier, e.g. before its Mexican factory complained about the difference in workers' wages compared to their counterparts in Germany after the New Beetle began production. However, it understands the likelihood of some form of enquiry. With plants in Nigeria, Brazil and Mexico, Volkswagen provides workers with education of union rights and an acknowledgement of the right to healthcare and employment. Its head of personnel, Peter Kartz, said that suppliers would soon be held to the Volkswagen standards.

All this is bound to affect the brand equity of its automobiles. If automobile differentiation is already tough, then corporations may well look to social behaviour to set themselves apart.

It is not professional media inquiry that Volkswagen is dealing with. The internet has opened the possibility of individual inquiries in to corporate practices, with good or bad news potentially spreading widely through viral marketing campaigns. Already jokes and "virus alerts" are propagated—the Tourist Guy, a.k.a. Tourist of Death, being one phenomenon that could only exist in the internet age.<sup>13</sup> If this, then why not official corporate news that is serious enough to capture the public's concern? It has become far easier for those investigating companies to look at annual reports and positive and negative commentaries.

Therefore my earlier comments seem to now bear some weight:

The market—or more correctly the audience—will purchase because of the sincerity behind the brand and how the corporation behind it treats its workers. Since information is becoming easier to get, it is likely that the modern consumer is more knowledgeable. Abuses could be quickly propagated through viral email campaigns. Already, the largest companies are learning that consumers are tiring of big-brand stances, with their revenues falling, for reasons of market segmentation and, I believe, awareness of their corporate citizenship. Citizens are swayed more by the intangibles of emotions and brands than the hard economic data of globalization.

Asian companies are best poised to take the aspects that are inherent in their culture and bring them in to their branding. It is almost a given that some will come through, perhaps in their investigation of their core values or visions. As mentioned earlier, Toyota could be cited

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12. 'VW signs workers' charter', *The Dominion*, June 10, 2002, p. 19.

13. After September 11, 2001, a Polish tourist doctored a photo of himself shot on the observation deck of the World Trade Center, adding a jetliner in the background plummeting toward the tower. He sent the image to his friends as a joke. This was forwarded and the Tourist Guy, or Tourist of Death, phenomenon began. People began adding the unsuspecting gentleman's image in to photos of the Kennedy assassination, the *Hindenburg* disaster and the da Vinci painting of *The Last Supper*, forwarding them around the internet via email. A television station even offered a cash prize to the person who could prove that he was the original Tourist Guy. An official statement was issued by the original artist in November, but not before the television prize was claimed by another person. The phenomenon has since died down but at the time of writing one site remains dedicated to the images.

as an example of modern Confucianism at work, with good company–worker relations and excellent company–customer relations. It is no surprise that its brand equity is considered strong by experts.<sup>14</sup>

It is hardly universal in the Asian automotive world: Hyundai shipped poor products in the mid-1980s to North America, Daewoo had abysmal labour relations prior to General Motors' interest, and Proton, even though it owns British automaker Lotus, has released an unrefined sedan called the Waja, none of which adds to the brand equity of these organizations. But there may be a case for researchers to proceed on this ground: how much of the national culture is inherent in these brands? Hyundai is more proud to be Korean now than it was, so is there a correlation with its present success and products such as the Santa Fe and Coupé, or is this merely a case of filling product niches rapidly? Daewoo abandoned its principles of lifetime employment because Korean law changed, while its financial performance could be construed as a sign that the company had not stayed true to the Confucian roots found in everyday Korean society. It also, even more surprisingly, failed to listen to those very workers to whom it had a duty, forgetting that personal liberty is a cornerstone of Confucianism. Finally, Proton's cars are subsidized by the government, dampening the desire to innovate, but the logo aside, there is nothing in the overall design of the Waja to suggest Malaysian, or even Asian, pride.

Yet there are numerous brands outside this industry that suggest the exchange of duties is present: HSBC, the global banking network, is founded on a joint Chinese and Scottish heritage. If it were not for the understanding of the fiduciary duty of a bank, there is little change the former Hongkong and Shanghai Banking Corp. could have grown so dramatically. Successful development of Nintendo and Sony Playstation products come from a respect of customer demands. One cannot take Hong Kong out of HSBC nor Japan out of Sony; probe a little more deeply and what is at the core could be the fact audiences purchase from them out of trust, knowing that they are being provided with products from companies that have listened. It also explains the mystery behind notions of "face" that have puzzled many an Ivy League MBA student.

## Why not now?

If there is such a heritage, why are the top nine out of ten brands American? Does this represent a lack of faith in Confucianism?

On some levels, yes. Some Asian companies have not managed to get to the point where they can survive the scrutiny. More importantly, some Asian countries do not sign up to the principles. I wrote:<sup>15</sup>

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14. See, e.g. Chatterjee, Jauchius, Kaas and Satpathy: 'Reving up auto branding', *McKinsey Quarterly*, no. 1, 2002.

15. Yan: 'Branding in the early 2000s: the new forces at work', *CAP Online*, March 16, 2002, <<http://jyanet.com/cap/2002/0316fe0.htm>>.

But without proper reforms within the People's Republic, such as the acceptance of press freedoms and human rights, organizations will always feel at risk in pursuing her 200 million consumers wholeheartedly. There are indications little has changed since Pye wrote *The Chinese Negotiating Style* and usually involves the market entrant kowtowing due to fear of offending the Chinese. The Chinese position seems to come from a knowledge that it has access to consumer numbers that the entrant wants. But negotiations in Communist China, even political discussions which the author has attended, are not about preserving face. It can be about the exploitation and reinterpretation of a contract in the others' favour; hardly a "Chinese" or Confucian concept about fairness and a mutual exchange of duties.

Singapore and Hong Kong are, to me, the best examples of successful Confucian policy—and I agree with Prof Mittelman's separation of what may be called city-states (in concept if not in actual legal structure in the case of the latter) when he examined the Asian NICs. Singapore, perhaps more so than Hong Kong, is an example of Confucianism, albeit fused with social engineering and strict laws that would have offended the ancient philosopher. But in a modern society, Singapore has been able to at least guarantee some of the freedoms in the Declaration, fusing it with the common law tradition left by the British, understanding its limitations. What is apparent is the treatment people get in the city-state: the service on Singapore Airlines—the most Confucian of all the airlines—is not just a competitive necessity but merely an extension of the way one is treated upon arrival. I confronted a passport controller who was the antithesis of his English or French counterpart, offering candy that was on his desk. Civility, favoured by Confucius, is always apparent there. Further, there is no resentment from the blue-collar workers I spoke to.

While I had written extensively about Singapore—it was one of the subjects of one of my final law papers—this was the first time I saw it in practice. Eager to find holes in my theory, I had hoped the "downtrodden" could expose the dream to be a sham. They did not. There was a sense of acceptance that they were in menial jobs, because Singaporean society is perceived as fair. 'If you work hard at school, you are bound to get a good job,' opined my cab driver.

Hong Kong has practised branding as a city; less so with individual firms that fail to look outward. Export success is founded on understanding overseas' customers so that the exchange of duties may commence there. But few research, fewer brand. Exceptions, such as Cathay Pacific and HSBC, are arguably akin to the Singapore Airlines example but recent research in the city suggests that the Confucian roots are being eroded. The economy is not robust; street merchants fail to honour the results of haggling when it comes to collecting money, as though the bargain were merely banter and not held to the sanctity of a contract as it once was—as it would be with Confucianism. Hence my own favouring of the city state in which there is democracy; and my own abandonment of my home town as the means by which the rest of the mainland could learn about "Asian values". Without the freedom to choose, one wonders whether corrupt practices can be sidelined.

Further, many have not needed to brand, thanks to protectionist policies that guarantee a domestic market. Proton is yet another example, with an estimated 80 per cent of the Malaysian market, something confirmed by a quick examination of a photograph of downtown Kuala Lumpur.

The payment of graft in certain countries—I would prefer not to name them—as standard incentives also offends the principles. At the Confucian level it means there are separate laws for different citizens, where those paying graft are not subject to the same rule of law as everyone else. On the nation branding level it removes the chances of companies within using their country as an anchor for branding activity, because unlike the US with the Foreign Corrupt Practices Act, that nation holds on to a sullied reputation. It does nothing about it, unlike Taiwan which frequently exposes it. In India, such allegations lead to governmental changes. Where there are no such stakes, in nations such as the People's Republic, or possibly Malaysia and Indonesia, corporations may find that negative aspects outweigh the positive when examining corporate culture. They will not survive independent scrutiny. Thus, the

### **How to turn this in to branding**

Even if some of these nations are questionable when it comes to their policies, companies might still be able to pull on the heartstrings of their team. Confucianism remains strong within families; there is no reason for it not to be used as the foundation for branding activity. Singapore Airlines' service is one: even though I say that the cabin crews practise a well-known part of their culture, it would be codified and reinforced. It is worthwhile examining the contrast between it and Malaysian Airlines, which had been part of the same group until the 1970s. Singapore Airlines is a world-class brand, the pinnacle by which other airlines are measured, while Malaysian refuses alliances and practically operates in isolation.

Taking Confucianism as one of the core values or possibly the attitude—it is certainly inherent in every part of Singapore Airlines' corporate identity<sup>16</sup>—an organization could easily equip itself for dealing with audiences. If this strong concept underlies other branding activities, world-class firms could be rapidly built up. 'Rapidly' might be defined as 'in a lesser time than one would expect in the west'. While the concepts are not unknown, there is either tiptoeing around using religious figures such as Jesus Christ or Mohammed, or an outright national arrogance that prevents, say, Nordic principles from being incorporated fully.

Using the concepts will work even in less ideal nations where governmental policy, or the customary payment of graft as a business convention. If Confucianism underpins other activities, logically the nation's image will not be used, and logically, corruption would be frowned

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16. As defined in Olins: *The New Guide to Identity*. Aldershot: Gower 1995.



upon. The organization would understand the scrutiny with which increasingly well-informed audiences would undertake.

It is not difficult to see these ideas translated into service policies in this paper, largely because Singapore Airlines is such an ideal example. Nor is it hard to imagine the increase in brand equity as a result of their adoption.

Similarly, international companies operating in Asia could do well through understanding how staff may wish to be treated and how consumers may wish to have their needs properly known. The concepts are equally applicable, either across marketing strategy or in individual areas such as human resources. I have frequently believed that the ideas are workable across cultures and that people should have the right to claim elements of others' cultures, promoting their richness. (Certainly the David Beckham hairstyles of the Japanese football team during the World Cup is but one example.) For those organizations keen to adopt the best of every nation in which they operate, Confucianism could be one of the best inputs to corporate knowledge.