

Confucianism in Financial Management and Corporate Governance: A Review of Contemporary Applications

I.P.A.T. Rajapaksha¹, S.M.N.N. Sarathkumara², S.M.R.K Samarakoon³, Kumara Uluwatta⁴

Abstract

This literature review examines the profound influence of Confucian philosophy on financial management and corporate governance, addressing the growing fusion of cultural ethos and economic strategies. The aim is to elucidate the historical and ethical legacies of Confucian values within the context of contemporary business practices. Synthesizing seminal works across various domains and geographical contexts, this review highlights Confucian principles' impact on modern business practices. Theoretical background on Confucian philosophy is provided, emphasizing its relevance in governance, social ethics, and education, and its integration with management and corporate ethics, notably through concepts like "Guanxi." The review systematically analyses the literature on the intersection of Confucianism with financial management, exploring aspects such as cash holding, earnings management, investment efficiency, and stock price stability. In the realm of corporate governance, attention is given to Confucianism's influence on leadership styles, decision-making processes, stakeholder theory, and agency theory. Identified gaps include understanding Confucianism's role in contemporary financial innovations, fintech solutions, and global corporate ethics, suggesting directions for future research. This review contributes to financial management, corporate governance, and cross-cultural business studies by

offering a comprehensive perspective blending historical insights with current applications. It underscores Confucian principles' dynamic relevance in guiding ethical and sustainable business practices in the global business landscape.

Keywords: Confucianism, Corporate Governance, Cultural Influence, Ethical Business Practices, Financial Management

JEL Codes: M14, G30, M12, O16, Z12

1. Introduction

In the intricate tapestry of modern financial management and corporate governance, the interplay of cultural influences with economic strategies has become increasingly pronounced. This literature review ventures deeper into the rich seam of Confucian philosophy, a doctrine that has been the bedrock of Chinese thought for millennia. The focus is on unravelling how this ancient wisdom, attributed to Confucius, China's revered "first teacher", informs and potentially transforms contemporary financial management and corporate governance practices. At its core, this review aims to bridge the historical legacy of Confucian values with the pragmatic demands of modern business, offering a unique intersection of cultural heritage and economic functionality. This review is driven by an acute recognition of the vital role those

¹ Department of Accountancy, University of Wayamba, Sri Lanka, Email Address: ayesha.trajapaksha@gmail.com

² Department of Accountancy, University of Kelaniya, Sri Lanka, Email Address: naveennirupama8312@gmail.com

³ Department of Accountancy, University of Wayamba, Sri Lanka, Email Address: kithsiri@wyb.ac.lk

⁴ Department of Accountancy, University of Wayamba, Sri Lanka, Email Address: uluwatta@wyb.ac.lk

cultural dynamics, especially those rooted in philosophical doctrines like Confucianism, play in shaping organizational practices and outcomes. In an era where China's economic prowess is incontrovertible, understanding the underpinnings of its business ethos becomes not just an academic interest but a strategic imperative. Confucianism, with its multifaceted focus on ethics, leadership, and social harmony, presents a compelling framework to examine the nuances of business conduct and governance. This exploration is particularly pertinent in the context of the increasing global interconnectedness of markets and the diversification of management philosophies. The resurgence of Confucianism in contemporary Chinese society and its tacit endorsement by the government further underscores the relevance of this philosophical inquiry into the realms of finance and corporate governance.

The contribution of this literature review is multifaceted and extends across several domains. It intricately weaves together seminal works from diverse scholars such as Rarick (2008), Lam and Goo (2015b), and Rowley and Oh (2020), creating a rich tapestry that illustrates the profound impact of Confucian principles on modern business practices. It transcends geographical boundaries by examining the influence of Confucianism not only in China but across other Asian economies, drawing on insights from Chen and Chung (1994) to elucidate how these values underpin the economic successes in regions like Hong Kong, Japan, Singapore, South Korea, and Taiwan.

The review also delves into the contemporary relevance of Confucian teachings in addressing modern business challenges. It discusses how Confucian ethics can provide a sustainable and ethical blueprint for corporate governance, as expounded by Murphy and Wang (2006), and Chan (2008). Furthermore, it highlights the practical implications of Confucianism in shaping leadership styles, corporate culture, and stakeholder relationships, offering a nuanced understanding of how ancient philosophies can inform modern organizational dynamics.

This literature review not only synthesizes existing academic discourse on the subject but also expands

the horizon of understanding by positioning Confucian principles within the contemporary context of global business practices. It seeks to provide a comprehensive and nuanced perspective, blending historical insights with present-day applications, thereby contributing significantly to the fields of financial management, corporate governance, and cross-cultural business studies.

The structure of this article is organized as follows. The subsequent section delves into the philosophical underpinnings of Confucianism, offering a foundational understanding of its core tenets. This is followed by an exposition of the methodology employed in this review, detailing the systematic approach to literature selection and analysis. The ensuing sections provide an in-depth examination of the literature on Confucianism's intersection with financial management and corporate governance, respectively. These sections critically analyze how Confucian principles influence and manifest within these two pivotal areas of modern business. The article culminates with a conclusion that not only synthesizes the key findings but also identifies existing gaps and outlines potential directions for future research, thereby setting the stage for continued scholarly inquiry into this significant area of study.

1.1. Confucius's Philosophy- A Theoretical Background

Confucius, known as Kong Fuzi (551-479 B.C.), stands as a seminal figure in Chinese philosophy, particularly during the tumultuous Warring States period. His doctrines, crafted against a backdrop of political chaos and moral decay, sought to instil order and ethical conduct in society. This section explores the core aspects of Confucius's philosophy, emphasizing its relevance to governance, social ethics, and education, which have enduring impacts on modern societal structures and ethical thinking (Makeham, 2020; Pines, 2008).

1.2. Governance Philosophy

Central to Confucian governance philosophy is the principle of Zheng Ming, or 'Rectification of Names'. Confucius championed the idea that societal harmony is achieved when each individual

fulfils their societal roles responsibly. This philosophy extends to rulers, who must exemplify high moral standards, setting a precedent for their subjects. Such a governance model promotes a society where roles and responsibilities are clearly defined and adhered to, ensuring stability and ethical governance (Yao, 2000; Bell, 2000).

The Five Relationships in Confucian thought further detail societal interactions: between ruler and subject, parent and child, husband and wife, older and younger siblings, and friends. These relationships are governed by respect, loyalty, and proper conduct, forming the backbone of social order and interpersonal ethics (Roetz, 1993; Hwang, 2012).

1.3. Social Ethics Philosophy

At the heart of Confucian social ethics are three cardinal virtues: Ren (Benevolence), Li (Propriety), and Yi (Righteousness). Ren advocates universal love and altruism, Li governs norms and rituals in social interactions, and Yi represents moral righteousness. These virtues collectively establish a framework for ethical behaviour, promoting a harmonious and orderly society (Van Norden, 2002; Ames & Rosemont, 1998).

Ren, as the essence of Confucian ethics, focuses on empathy and human-heartedness. It is seen as crucial for societal wellbeing, advocating compassionate governance and interpersonal relations (Fingarette, 1972; Nylan, 2008). Li, translated as ritual or propriety, dictates the norms of conduct in social interactions, acting as the external embodiment of Ren, guiding individuals to act morally (Knoblock & Riegel, 2000; Slingerland, 2003). Yi, or righteousness, calls for moral decisions based on ethical principles rather than personal benefit, emphasizing moral integrity even in adversity (Van Norden, 2008; Ivanhoe, 2000).

1.4. Education Philosophy

Confucius placed significant emphasis on the transformative power of education, advocating a holistic approach that integrates experiential knowledge, cultural understanding, and moral development. Confucian educational philosophy

transcends mere knowledge acquisition, focusing instead on character shaping and moral cultivation (Van Norden, 2002; Shun, 1997).

A central objective of Confucian education is the cultivation of Junzi, the 'Noble Person', characterized by high moral standards and commitment to societal wellbeing. This contrasts with Xiaoren, the 'Petty Person', who prioritizes personal gain over communal good. Confucian education thus aims to foster individuals who contribute positively to society and embody ethical principles (Yu, 2013; McDonald, 2016).

The enduring influence of Confucius's philosophy on Chinese society is evident in contemporary discussions across politics, ethics, and education. The principles he espoused continue to shape ethical thinking and societal structures, demonstrating their timeless relevance (Makeham, 2020; Pines, 2008).

1.5. Confucianism Five Virtues and “Guanxi”: A Review

The integration of Confucian virtues and the concept of “Guanxi” (interpersonal relationships) is pivotal in Chinese society, profoundly influencing management approaches and business ethics. This section examines how Confucian virtues and Guanxi are woven into the fabric of Chinese management, impacting corporate ethics and governance.

1.6. Confucian Virtues in Management

The five Confucian virtues—Ren (compassion), Yi (righteousness), Li (propriety), Zhi (wisdom), and Xin (trustworthiness)—constitute a moral foundation for Chinese society and business practices. These virtues, coupled with the Confucian work ethic, emphasize unity, hard work, loyalty, thrift, and learning as key aspects of the Chinese management approach. These virtues guide personal behavior and are integral in shaping modern Chinese corporate ethics, with Yi and Li specifically advocating for proper conduct and etiquette in social interactions, fostering environments of mutual respect and trust (Rarick, 2008; Liu and Stening, 2016; Chen & Chung, 1994).

1.7. Guanxi in Corporate Contexts

Guanxi, a defining feature of Chinese social interactions, is deeply rooted in Confucian principles. It underscores the importance of relational networks in business, serving as a crucial driver in partnership success. Managers in Confucian societies are expected to embody Ren, prioritizing benevolence and ethical conduct and favouring group welfare over individualism. This ethos extends to corporate governance, where trustworthiness (Xin) and commitment are valued, overshadowing individual performance metrics (Rarick, 2008; Han & Altman, 2010).

1.8. Moral Education and Corporate Governance

Confucian moral teachings position humans as inherently good and compassionate, laying the foundation for an ethical business code. This code emphasizes that inner thoughts shape actions, underscoring moral responsibility and social commitment.

Confucianism views life as a journey of moral education, where virtue is continuously honed through practice. In corporate governance, this translates to balancing profit (Li) with social responsibility (Yi), highlighting the growing focus on ethical behaviour in decision-making processes (Wang, 2004; Yu et al., 2021).

1.9. Confucianism and Leadership Succession

Research by Chen, Xiao, and Zhao (2021) examines Confucianism's influence on leadership succession in Chinese family businesses, revealing that founders influenced by Confucian values often select successors within the family or close networks. This reflects the importance of Guanxi in leadership continuity and the success of family businesses.

1.10. Guanxi's Role in Business Relationships

Zhang et al. (2016) stress Guanxi's significant role in fostering supervisor-subordinate relationships, affecting various business aspects. However, Chen and Eweje (2020) caution that reliance on Guanxi alone is not sustainable for long-term business

relationships, suggesting a need for a balanced approach.

1.11. Confucianism in Broader Cultural Context

Confucianism's enduring dominance in Chinese culture has shaped societal values, ethical norms, and legal frameworks. Its influence extends beyond personal ethics to encompass broader societal and environmental concerns, emphasizing tradition and communal objectives (Cheng, Pan, & Xuan, 2016; Li et al., 2011).

This comprehensive exploration of Confucian philosophy illustrates its profound and lasting impact on Chinese society, particularly in the realms of governance, ethics, education, and management. The principles and virtues articulated by Confucius continue to resonate in modern discussions, underscoring their relevance and applicability in contemporary settings.

2. Methodology

In conducting this literature review, we adopted a systematic and comprehensive approach to ensure thorough coverage and analysis of the relevant literature. The methodology followed adheres to accepted standards for academic literature reviews, focusing on clarity, rigor, and replicability.

2.1. Literature Search and Selection Criteria

The primary sources of literature for this review were academic databases known for their extensive collection of scholarly articles. These included ScienceDirect, Scopus, Sage Journals, Emerald Insight, and Taylor & Francis Online. The search was conducted using a combination of keywords and phrases related to Confucianism, financial management, and corporate governance. The terms used included "Confucianism", "financial management", "corporate governance", "Chinese business ethics", and other related variations.

The selection criteria for the literature were based on the relevance of the articles to the intersection of Confucian philosophy with financial management and corporate governance. Priority was given to articles that provided comprehensive

insights into how Confucian principles impact modern business practices. Both empirical and theoretical studies were included to ensure a balanced view.

2.2. Inclusion and Exclusion Criteria

In our methodology, we established specific inclusion and exclusion criteria to streamline the selection of articles. For inclusion, we focused on peer-reviewed articles from reputable academic journals that explicitly discussed the influence of Confucianism on financial management or corporate governance. We considered both empirical and theoretical studies to achieve a balanced perspective and limited our search to publications from the last five decades, ensuring the relevance and timeliness of the information. Exclusion criteria were set to omit non-peer-reviewed articles or grey literature, as well as publications that did not directly relate to Confucianism's impact on financial management or corporate governance. Articles that were outdated and no longer reflective of the current state of research in the field were also excluded.

2.3. Data Analysis

Once the relevant articles were selected, a thematic analysis was conducted. This involved categorizing the data into themes and patterns that emerged consistently across the literature. The analysis focused on identifying key principles of Confucianism and their manifestations in financial and corporate practices. Attention was given to differences and similarities in the application of Confucian principles across different cultural and economic contexts.

2.4. Ensuring Quality and Rigor

To maintain the quality and rigor of our literature review, several measures were implemented. We cross-referenced findings from different sources to validate the information, ensuring reliability and accuracy. Consultations with experts in the field were conducted to gain deeper insights and perspectives, adding an additional layer of validation to our research process. Furthermore, we made efforts to regularly update our search to include the latest publications in the field. By

adhering to these methodological standards, this literature review aims to provide a well-rounded and credible synthesis of the current state of knowledge at the intersection of Confucian philosophy, financial management, and corporate governance. This methodology ensures that the findings are reliable, valid, and applicable to both academic and practical realms.

3. Confucianism and Financial Management

The intersection of Confucian philosophy with financial management presents a compelling domain for scholarly examination. Confucianism, with its emphasis on ethical conduct and societal harmony, has the potential to inform and transform modern financial practices. This section seeks to explore the extent to which Confucian principles, embedded within the fabric of Chinese culture, impact financial decision-making and corporate governance.

The scope of financial management, encompassing investment decisions, financial decisions, dividend decisions, and working capital decisions, is broad and multifaceted. Within this context, Confucian philosophy has been posited as a significant influence. Wang et al. (2020) assert that companies heavily influenced by Confucianism demonstrate greater profitability, suggesting that the application of Confucian teachings can lead to business sustainability and growth. The underlying values of honesty and righteousness, central to Confucianism, strengthen the credibility and integrity of followers, limiting selfish behaviors and thereby enhancing the quality of corporate information disclosure (Cheng, Pan, and Xuan, 2016).

The Chinese government's efforts to improve the quality of accounting information are evident in the establishment of the Accounting Act 1985 and the subsequent release of new accounting principles in 2007. These standards are designed to bridge the information gap between investors and publicly traded companies, facilitating more informed investment decisions (Zhai and Wang, 2016).

Li, Xu, and Long (2020) delve into the cultural influences on financial channels, such as trade

credit. Their findings indicate that enterprises rooted in regions with a strong presence of Confucian principles are more likely to secure trade credit, underscoring the role of cultural ethics in reducing risks and uncertainties in commercial transactions. Furthermore, Confucianism's ethos of honesty fosters an environment conducive to trade credit, especially in regions with underdeveloped financial markets. This connection between Confucian culture and financial practices exemplifies the potential of cultural norms to harmonize profitability with security, thereby contributing to the natural integrity of financial markets.

The influence of Confucianism extends to nonmarket strategies as well. He, Tian, and Chen (2007) highlight that 'buffering' and 'bridging' strategies positively impact a firm's economic performance by enhancing social performance and adaptability. These strategies underscore the nuanced relationship between cultural principles and economic outcomes, particularly in emerging economies like China. Finally, the intricate relationship between culture and economic growth has long intrigued economists and social anthropologists. Culture, as a repository of shared values and practices, influences economic progression, though this relationship is complex. Miles (2013) underscores the multifaceted nature of the cultural-economic nexus, suggesting that a thorough understanding of cultural underpinnings is crucial for grasping economic dynamics.

The literature indicates that Confucian philosophy, with its focus on ethical behavior and social harmony, has tangible impacts on financial management and corporate governance. From enhancing financial reporting credibility to influencing nonmarket strategies, Confucian principles weave a narrative of integrity and ethical conduct that is indispensable to the financial landscape. As economies continue to evolve, the integration of these ancient principles with modern financial practices may offer a pathway to sustainable and ethical economic development.

3.1. Cash Holding and Confucianism

Cash holding strategies in companies are a reflection of broader economic, institutional, and

cultural factors. Confucianism, with its deep roots in Chinese culture, potentially plays a role in influencing such financial behaviors. This section reviews the literature on the relationship between Confucianism and cash holding in Chinese companies, examining the nuances and implications of this interaction.

Chen et al. (2020a) conducted a comprehensive study using geographical proximity as a variable to measure Confucian influence on Chinese companies from 2004 to 2015. They found that Confucianism is inversely related to cash holding. This relationship is attributed to Confucianism's mitigation of agency problems, reducing the propensity of management to retain large cash reserves for self-serving purposes. Their findings also reveal that corporate ownership structures modulate the influence of Confucianism on cash holdings, with state-owned enterprises (SOEs) being less affected by Confucian principles in their cash retention strategies.

The critical insight from Chen et al.'s work is that Confucian culture promotes ethical behavior, leading firms within strong Confucian environments to maintain lower cash reserves. This effect is notably stronger in government-owned companies, aligning with the Confucian value system that prioritizes ethical management over profit maximization. The authors suggest that while Confucianism tends to reduce institutional disputes, leading to decreased cash retention, an alternative perspective considers that managers may leverage an ethical climate to align with their objectives more efficiently. They propose that in a repetitive game scenario, unethical behaviors such as financial embezzlement by managers controlling large cash reserves are more likely to be exposed due to the high cost of reputational damage. Consequently, in strong Confucian environments, the risk of large-scale financial misconduct by management is minimized due to the heightened scrutiny and ethical expectations.

Li et al. (2011) contributes to the discourse by examining the impact of cultural values on financial decisions within international partnerships. They find that expertise, a value deeply ingrained in Confucianism, negatively influences leverage and short-term credit decisions

but has a positive effect on the likelihood of accumulating long-term debt in foreign joint ventures. Their research underscores the cultural underpinnings of financial decisions, suggesting that the perceived benefits and costs of debt financing are filtered through cultural lenses, thus affecting how capital structure is organized by joint ventures with diverse cultural backgrounds. Using a dataset from over 8,000 Chinese foreign partnerships from 32 different countries, Li et al. (2011) demonstrate that Confucianism-related expertise impacts financial leverage and credit decisions significantly. Interestingly, they note that embedding, another Confucian value, does not have a direct significant impact on leverage decisions but instead plays an indirect role. The overall economic significance of their findings points to the substantial explanatory power of national culture in shaping the financial leverage decisions of China's international partnerships. The literature reviewed suggests a complex and nuanced relationship between Confucianism and cash holding behaviors in Chinese firms. Confucian values such as ethical conduct, expertise, and embedding influence not only the internal governance of firms but also their external financial strategies. These findings contribute to a more profound understanding of how traditional cultural values can have tangible impacts on modern financial practices and decisions. As companies increasingly operate in a globalized environment, recognizing the cultural dimensions of financial management becomes essential for both theoretical understanding and practical application.

3.2. Earnings Management and Confucianism

Earnings management, the strategic manipulation of financial reports to either mislead stakeholders about the economic performance of a company or to influence contractual outcomes, stands in stark contrast to the ethical framework proposed by Confucianism. This section synthesizes the existing literature on how Confucianism, as a cultural and ethical system, intersects with the practice of earnings management within Chinese listed companies. The work of Yu et al. (2021) is pivotal in understanding the relationship. Their

study, spanning the involvement of Chinese listed companies from 2004 to 2017, reveals that the prevalence of Confucianism negatively correlates with the incidence of earnings management. This inverse relationship is particularly pronounced in companies operating within regions that have weak internal controls and minimal external oversight. Yu and colleagues argue that the pervasive and entrenched nature of Confucian culture in China offers an alternative to formal governance mechanisms, effectively deterring managerial malpractice. Confucianism's core principles, which include fairness and honesty in all dealings, are fundamentally at odds with the intentional distortion of financial information. Thus, Confucianism, according to Yu et al. (2021), fortifies the quality of earnings reports by dissuading managers from engaging in deceitful practices through its established ethical norms.

Du et al. (2014) contributes to the conversation by illustrating those religious beliefs, proxied through geographical closeness to religious centres, are closely linked to the levels of earnings management. This finding suggests that social norms, including those inspired by religious doctrines, can act as a benchmark to curtail managerial improprieties, such as fraudulent earnings reports. Their research further posits that companies located nearer to regulatory hubs exhibit a lower propensity towards earnings management compared to their counterparts, and that religious and regulatory frameworks may have complementary effects in curbing such unethical practices.

Confucianism, with its rich ethical tapestry, appears to mitigate the tendency towards earnings management among Chinese firms. Confucian principles, promoting integrity and transparency, are inherently incompatible with the manipulation of financial reporting. The studies reviewed underscore the potential of cultural values to function alongside regulatory mechanisms, providing a moral compass that guides corporate behavior. This body of work enhances our understanding of how deep-seated cultural ethics can play a crucial role in shaping and regulating corporate conduct, offering insights that extend

beyond the Chinese context to inform global practices in financial management.

3.3. Investment Efficiency and Confucianism

Investment efficiency, referring to the optimal allocation and use of capital, is crucial for corporate growth and shareholder value. Cultural frameworks, especially those shaped by philosophical teachings like Confucianism, have a profound impact on corporate behaviors, including investment decisions. This section critically examines the existing literature on the influence of Confucianism on investment efficiency in Chinese publicly traded companies.

Chen et al. (2019) presents a seminal study exploring the relationship between Confucianism and fixed investment efficiency, taking into account the degree of openness to Western influences. Their research suggests that Confucianism contributes positively to investment efficiency, primarily by curbing over-investment tendencies. This is attributed to core Confucian values such as loyalty, solidarity, and risk aversion, which collectively help to reduce agency costs and temper management overconfidence. The authors assert that Confucianism does not lead to under-investment but rather tempers managerial over-zealousness. Utilizing alternate measurement and instrumental variable methodologies, they solidify their argument that financial reporting quality is a crucial channel through which Confucianism exerts its influence. Intriguingly, they also find that Western openness attenuates the positive effects of Confucianism on investment efficiency, suggesting that the potency of Confucianism may be diluted in more globally integrated environments.

Furthering the discourse, Chen, Ye, and Jebran (2019) investigate the nexus between Confucianism and over-investment using data from Chinese listed companies spanning from 2000 to 2015. Their findings align with the notion that Confucianism is inversely related to over-investment. They argue that informal institutions, such as cultural norms informed by Confucian ethics, can mitigate agency problems and curtail excessive corporate investment. Their results lend credence to the theory that informal institutions can restrain the unethical management practices that

often lead to over-investment. This study illuminates the role of Confucianism as an ethical code that can sway corporate conduct and, in turn, influence the prevalence of institutional over-investment.

Confucianism, with its emphasis on ethical conduct and communal values, has a tangible impact on investment efficiency. By discouraging over-investment, Confucian principles help firms avoid the pitfalls of overzealous expansion and wasteful allocation of resources. However, the interaction between Confucianism and investment efficiency is complex and may be moderated by external factors such as a firm's exposure to Western practices. The studies reviewed underscore the significance of cultural and ethical considerations in financial decision-making, suggesting that companies, policymakers, and investors must consider these factors to foster optimal investment strategies and behaviors. The overarching narrative is that cultural ethics, particularly Confucianism, serve not only as a moral compass but also as a practical guide for investment efficiency in the corporate realm.

3.4. Stock Price Stability and the Influence of Confucianism: An In-Depth Literature Review

The stability and integrity of stock prices are foundational to the efficiency and health of capital markets. Within the intricate web of factors influencing stock price stability, cultural ethos plays a nuanced yet significant role. This section provides a comprehensive critique of scholarly research exploring the influence of

Confucian values on stock price stability in Chinese publicly listed companies. Jebran et al. (2019) provide a seminal contribution to the understanding of how Confucianism, as a cultural norm with deep roots in Chinese society, relates to stock price collapse risk. Their research draws upon data from 2004 to 2014 and postulates that the moral underpinnings of Confucianism, which emphasize honesty and integrity, reduce the likelihood of such collapses. They theorize that the moral strictures of Confucianism act as a deterrent against the withholding of negative information by management—a common precursor to stock price

collapse. Their findings imply that in environments where Confucianism is prevalent, the cultural aversion to dishonorable behavior constrains the management's tendency to engage in deceptive practices, thereby safeguarding against the abrupt erosion of shareholder value.

Bashir and Yu (2020) extend this discussion by considering the dual impact of Confucianism and political affiliations on stock price stability, applying geographical proximity as a proxy for cultural influence. Their dataset, encompassing annual observations from 2001 to 2015, reveals a pronounced protective effect of Confucianism against stock price collapse, particularly within politically connected firms. They suggest that the ethical and social norms inculcated by Confucianism may enforce a higher standard of transparency and accountability. They also explore the notion that managers in Confucian regions are more cognizant of the social stigma attached to corporate malfeasance, which could result in a greater propensity to adhere to ethical standards in financial reporting.

Li, Wang, and Wang (2017) delve into the relationship between social trust—a value heavily influenced by Confucianism—and the likelihood of firm-specific stock price collapse. They observe that companies in regions with a strong culture of social trust exhibit robust accounting practices and are less prone to financial restatements, a factor that mitigates the risk of stock price collapse. This correlation suggests that social trust, as fostered by Confucianism, underpins a financial ecosystem where the suppression of negative news is less prevalent, thereby contributing to stock price stability.

The work of Wang et al. (2020) addresses the broader economic implications of Confucianism, noting its role in legitimizing corporate profit-seeking by framing it within an ethical paradigm. They assert that while Confucianism can enhance the effectiveness of oversight mechanisms, it does have its limitations and is not a panacea for all corporate governance issues. Chunxia (2010) provides a case study from Macau, a unique economic context where East meets West, yet Confucian values persist. The study sheds light on how Macau's entrepreneurs navigate the

complexities of a mixed cultural heritage, balancing economic objectives with social responsibilities. It offers a granular perspective on how Confucian ethics inform business practices, particularly in family-dominated businesses, emphasizing loyalty, conscientiousness, and a people-centric management approach.

Exploring historical contexts, Kung and Ma (2014) investigate the mitigating influence of Confucian values during economic crises. Their research suggests that regions with strong adherence to Confucian values, exemplified by the presence of temples and virtuous societal figures, experienced less social turmoil in response to economic shocks. This indicates a buffering effect of cultural norms on economic stability, providing a historical precedent for the moderating role of Confucianism in contemporary financial dynamics.

Confucianism and stock price stability paints a complex picture of cultural influence on financial markets. The studies reviewed consistently demonstrate that Confucianism, with its emphasis on ethical conduct and social trust, contributes to financial stability and transparency. This body of work highlights the importance of integrating cultural insights into the understanding of market dynamics, offering a deeper and more nuanced perspective on the intersection of ethics, corporate behavior, and financial performance. It is evident that Confucianism serves as a moral compass that can guide corporate governance and investor relations in a manner that safeguards against the risk of stock price collapse, providing valuable lessons for global markets seeking to balance profit with principle.

4. Corporate Governance and Confucianism

Corporate governance encompasses the systems, principles, and processes by which companies are directed and controlled. The definition provided by Tom Clarke (2007) sees corporate governance as the exercise of authority over corporate entities, entailing a framework of rules and rulers, authority and accountability, and the interrelations between governance structures and societal welfare. This has been further extended by linking good governance to democracy, rights, transparency,

and the rule of law, emphasizing its role in effective public service across various organizations. Amidst this backdrop, this section critically reviews the influence of Confucian culture on corporate governance, recognizing it not merely as a cultural ethos but also as a governance system that affects corporate behavior and the quality of financial management.

Cheng, Pan, and Xuan (2016) assert that Confucian culture enriches the governance role of informal institutions within corporations. By fostering a strong cultural ethos, Confucianism indirectly enhances information disclosure quality and aids regulators in enforcing investor protection and market regulation. This cultural influence is seen as conducive to the standardization and progress of capital markets, ultimately promoting resource allocation efficiency. The intricate relationship between cultural values and governance mechanisms underlines the impact of Confucianism on corporate transparency and accountability. Kong et al. (2020) explore the ethical licensing mechanism activated by Confucian values, which could potentially increase unethical organizational behavior. However, they find that the leadership values rooted in Confucianism have a neutralizing, negative effect on this relationship, suggesting that Confucian ethics might offset tendencies toward unethical practices within organizations.

Yang, Li, and Li (2022) examine the relationship between Confucianism and profitability management, identifying a strong negative correlation in Chinese listed firms from 2007 to 2017. They observe that Confucianism's dampening effect on profit management is most significant in environments characterized by weak supervision, such as inadequate corporate governance and poor analytical coverage. Confucianism's standalone influence persists as a limiting factor on earnings management, even after controlling for other variables. Lam and Goo (2015b) discuss Confucianism as both a philosophical ideal and a pragmatic tool for influencing business conduct. They highlight that Confucianism, ingrained in the upbringing of Chinese individuals, can be more effective in guiding behavior than enforcing strict compliance with rules. This viewpoint underscores the

potential for Confucian values to shape China's new business order by integrating traditional governance principles with contemporary corporate conduct.

Xu, Li, and Chen (2019) demonstrate the significant negative association between Confucianism and the risk of definitive stock price collapse. They credit this association to Confucianism's role in reducing agency conflicts, improving financial information quality, and curbing management overconfidence. The study reveals that in companies with weaker corporate governance and lower analytical coverage, the protective effect of Confucianism against stock price collapse is more pronounced. The Confucian code of conduct thus emerges as a vital informal mechanism complementing formal institutions in safeguarding capital market integrity.

4.1. Agency Theory and Confucianism

Agency theory, a cornerstone of corporate governance, addresses the conflicts that arise between principals (shareholders) and agents (managers). This section examines how Confucianism, with its emphasis on ethical conduct and hierarchical respect, intersects with and potentially influences the dynamics of agency theory. Chen et al. (2020b) discusses the role of Confucianism in diminishing firm conflict management tactics. According to agency theory, as outlined by Jensen and Meckling (1976), there is an inherent risk of CEOs exploiting their positions for personal gains at the expense of shareholders. This exploitation might manifest in excessive salaries, bonuses, and lavish expenditures. Confucianism, with its principles of moderation and ethical conduct, could act as a mitigating force, encouraging managers to uphold the interests of the company and its shareholders, thus maintaining strong financial reserves and reducing such conflicts. Elms and Berman (1997) highlight that agency theory also concerns the divergence of principles and requirements between agents and principals. They suggest that agents' deviations can be minimized through appropriate incentives and oversight costs, which restrict opportunistic behavior. In a Confucian context, the emphasis on self-discipline and self-regulation, as part of the higher order of Tao, could naturally

align agents' actions with the best interests of the principals, potentially reducing the need for external incentives and oversight.

Ang and Low (2012) delve into Confucian perspectives on leadership and governance. Confucianism advocates for wisdom, skill, and benevolence in governance, emphasizing the role of ethical leadership in preventing unethical behavior and ensuring effective institutional governance. In contrast, poor leadership could lead to unethical practices and inadequate governance. This perspective aligns with agency theory's focus on the quality of management and its impact on corporate behavior. Chen and Chung (1994) discuss Confucius' teachings on the importance of communication, particularly the roles of the speaker and the listener. Confucianism underscores the need for superiors to be careful in their directives and for subordinates to fully comprehend and execute these directives appropriately. This emphasis on clear and cautious communication can be vital in agency relationships, where misunderstandings and miscommunications can lead to conflicts of interest and unethical practices.

Woodbine (2004) explores the impact of traditional Chinese values, including Confucianism, on ethical decision-making in agency-based problems. The study finds that younger workers with less management experience tend to exhibit a strong aversion to risk-taking and are less likely to report unethical work practices. This finding suggests that Confucian work dynamics, which value respect for hierarchy and caution, might influence employees' responses to moral dilemmas in the workplace.

The literature suggests that Confucianism, with its focus on ethical conduct, self-regulation, and respect for hierarchy, can significantly influence the dynamics of agency theory. Confucian values may encourage managers to align their actions more closely with the interests of shareholders, thus mitigating agency conflicts. The emphasis on clear communication, ethical leadership, and cautious decision-making under Confucian teachings could also play a crucial role in improving corporate governance and reducing the likelihood of unethical behavior.

4.2. Stakeholder Theory and Confucianism

Stakeholder theory, juxtaposed with agency theory, highlights the importance of balancing the interests of various parties involved in corporate governance, including minority shareholders. This review critically examines how Confucian principles interact with and influence the dynamics of stakeholder theory, focusing on the protection of minority shareholders' interests, gender diversity, and ethical corporate conduct.

Du (2015) argues that Confucianism, particularly its emphasis on ethical balance and harmony, can be applied to the relationship between controlling and minority shareholders. Confucian principles, such as Yi (appropriateness) and Li (propriety), suggest that actions of controlling shareholders should not only benefit themselves but also be appropriate and protective of minority shareholders' interests. The harmony sought in Confucianism is disrupted when minority shareholders are disadvantaged, making it imperative for Confucian-influenced governance to uphold equity and fairness. Chou and Cheng (2020) expand on this by stating that a Confucian leader considers all stakeholders' interests, which includes ensuring equitable treatment of minority shareholders.

Du (2016) finds a significant association between Confucianism and gender diversity on corporate boards, indicating that companies in stronger Confucian environments tend to have a lower ratio of directors and board members. This suggests that Confucian values may influence the composition of corporate governance structures. However, Stulz and Rohan (2008) contend that the legal system's origins, rather than cultural aspects like religion or language, are more determinative of shareholder rights. This raises questions about the interaction between legal frameworks and cultural values in shaping corporate governance.

Du (2013) provides evidence that ownership-management institutions are negatively associated with religious costs, indicating that Confucianism may play a role in reducing agency costs. This is particularly relevant in the context of minority shareholder acquisitions, where Confucianism's

moral framework can serve as a social norm to curb unethical acquisition activities by controlling shareholders. Adithipyangkul and Leung (2019) discuss the limitations of government regulation, Confucianism, and socialist ideology in restricting CEO remuneration, suggesting that the effectiveness of these approaches varies based on different business contexts. Jebran, Chen, and Zhang (2022) explore how social capital within and outside the board influences future stock breakdowns, highlighting the role of institutional investors in moderating these effects. Chen et al. (2019) discuss Confucianism's Cardinal Guides and Five Constants as key principles that influence corporate behavior. They emphasize loyalty as a crucial component, advocating for its role in decreasing agency costs and protecting the interests of minority shareholders.

Yap and Ng (2018) compare custodial obligations imposed by law with the intrinsic loyalty emphasized in Confucianism. They argue that Confucian values can fill gaps left by legal frameworks, providing a moral foundation for corporate governance. Stulz and Rohan (2008) note the correlation between culture and investor rights, suggesting that cultural factors, including Confucianism, can influence financial development. However, they argue that stock market development is less related to cultural variables than creditor rights.

The literature reviewed suggests that Confucianism has a profound impact on various aspects of stakeholder theory, especially in the context of protecting minority shareholders and promoting ethical governance. Confucian principles like Yi and Li advocate for equitable treatment of all stakeholders, including minority shareholders, and may influence board composition and corporate decisions. However, the interaction between cultural values and formal legal systems, as well as the varying effectiveness of Confucian ethics in different business contexts, highlights the complexity of applying Confucian principles in modern corporate governance.

5. Conclusion

In the culmination of this comprehensive literature

review, it is imperative to not only summarize the insights gleaned but also to delineate its significant contributions to the understanding of Confucianism's role in financial management and corporate governance. By meticulously traversing the intricate pathways where ancient Confucian wisdom intersects with contemporary business practices, this review illuminates a profound symbiosis between cultural heritage and economic pragmatism.

Throughout this exploration, the review has underscored the pivotal role those cultural dynamics, particularly those stemming from philosophical doctrines like Confucianism, play in molding and guiding organizational practices and outcomes. In an era marked by China's indomitable economic ascent and global integration, deciphering the nuances of its business ethos becomes not only a scholarly endeavor but also a strategic necessity. Confucianism emerges as a robust framework for understanding the subtleties of business conduct and governance, especially relevant in a world characterized by diversified management philosophies and interconnected markets. The resurgence and state endorsement of Confucianism in modern Chinese society further amplify the pertinence of this philosophical inquiry within the realms of finance and corporate governance.

One of the primary contributions of this review lies in its synthesis of various scholars' perspectives, ranging from Rarick (2008) to Lam and Goo (2015a, b), and extending to Rowley and Oh (2020). Through this synthesis, we not only illuminate how Confucian principles shape business practices in China but also extend our understanding to other Asian economies, providing a broader context for its economic and cultural impact. Moreover, by probing into contemporary challenges and exploring how Confucian teachings offer sustainable and ethical frameworks for corporate governance, we shed light on the dynamic relevance of Confucianism in the modern business landscape. Moreover, the review has probed into contemporary challenges and how Confucian teachings offer sustainable and ethical frameworks for corporate governance, as discussed by Murphy and Wang (2006), and Chan (2008).

Highlighting key findings, we have observed the substantial impact of Confucian principles on various aspects of financial management and corporate governance. From strategic approaches to cash holding to the influence on leadership styles and decision-making processes, Confucianism emerges as a robust framework guiding ethical and sustainable business practices. In the domain of corporate governance, Confucian principles are integral in shaping and influencing leadership styles, decision-making processes, and overall governance structures. Confucianism's focus on Yi (appropriateness) and Li (propriety) is pivotal in balancing the interests of various stakeholders, particularly in ensuring the fair treatment of minority shareholders. The emphasis on ethical behavior, moderation, and respect for hierarchy aligns closely with the objectives of effective corporate governance. This alignment is particularly evident in mitigating agency conflicts and promoting transparency and accountability within corporate entities.

However, while we have made significant strides in understanding Confucianism's influence, there remain notable gaps that warrant further exploration. In the sphere of financial management, one notable gap is the exploration of Confucianism's impact on contemporary financial innovations and fintech solutions. As financial markets evolve with advancements in technology, understanding how Confucian ethics can shape the development and adoption of these innovations becomes crucial.

Another gap lies in the comparative analysis of Confucian influence across different global economies. This includes economies with varied degrees of Confucian cultural penetration and how these principles manifest in financial practices in countries beyond China, or in multinational corporations with significant Chinese influence. In terms of corporate governance, significant gaps include the influence of Confucianism in diverse cultural contexts, particularly in multicultural or non-Confucian societies. Additionally, the role of Confucianism in addressing contemporary challenges such as digital transformation, environmental sustainability, and global corporate ethics remains underexplored.

Looking ahead, future research directions should delve into areas such as the influence of Confucianism in a more globalized context, particularly its interaction with Western financial practices and its role in emerging fields like sustainable finance and social impact investing. Additionally, comparative analyses across different global economies and investigations into the application of Confucian values in diverse cultural and legal environments will provide valuable insights into how these principles can complement various corporate governance models.

Overall, this review underscores the enduring relevance of Confucian principles in shaping ethical business practices. By integrating these values into contemporary governance and financial management, scholars can offer valuable insights into sustainable business conduct. This underscores the scholarly imperative to explore how ancient wisdom informs modern corporate ethics and sustainability, thereby fostering a deeper understanding of cultural influences on global business practices.

References

- Adithipyangkul, P., & Leung, T. Y. (2019). Gender diversity, institutional factors, and CEO compensation in China. *The Chinese Economy*, 52(1), 24-40. <https://doi.org/10.1080/10971475.2018.1523843>
- Ames, R.T., & Rosemont, H. (1998). *The Analects of Confucius: A Philosophical Translation*. New York: Ballantine Books.
- Ang, S. L., & Low, K. C. P. (2012). The value of integrity, the Confucian perspective. *i-Manager's Journal on Management*, 6(4).
- Bashir, U., & Yu, Y. (2020). Do confucianism and political connections affect stock price crash risk: evidence from Chinese economy?. *Applied Economics Letters*, 27(7), 569-575. <https://doi.org/10.1080/13504851.2019.1644418>
- Bell, D. A. (2000). *China's New Confucianism: Politics & Everyday Life in Changing Society*. Princeton: Princeton University Press.

- Chan, G. K. Y. (2008). The relevance and value of Confucianism in contemporary business ethics. *Journal of Business Ethics*, 77, 347-360. <https://doi.org/10.1007/s10551-007-9354-z>
- Chen, G. M., & Chung, J. (1994). The impact of Confucianism on organizational communication. *Communication Quarterly*, 42(2), 93-105. <https://doi.org/10.1080/01463379409369919>
- Chen, J. Y., Lim, S. J., Nam, H. J., & Phillips, J. (2020b). Local culture as a corporate social responsibility multiplier: Confucian values' mediation between firm policies and employees' attitude. *Asia-Pacific Journal of Business Administration*, 12(3/4), 387-407. <https://doi.org/10.1108/APJBA-04-2019-0088>
- Chen, L., Jin, Z., Ma, Y., & Xu, H. (2019). Confucianism, openness to the West, and corporate investment efficiency. *European Financial Management*, 25(3), 554-590. <https://doi.org/10.1111/eufm.12173>
- Chen, M. S., & Eweje, G. (2019). Establishing ethical Guanxi (interpersonal relationships) through confucian virtues of Xinyong (trust), Lijie (empathy) and Ren (humanity). *Corporate Governance: The International Journal of Business in Society*, 20(1), 1-15. <https://doi.org/10.1108/CG-01-2019-0015>
- Chen, M., Xiao, J. Z., & Zhao, Y. (2021). Confucianism, successor choice, and firm performance in family firms: Evidence from China. *Journal of Corporate Finance*, 69, 102023. <https://doi.org/10.1016/j.jcorpfin.2021.102023>
- Chen, S., Ye, Y., & Jebran, K. (2019). Does confucianism reduce corporate over-investment? Evidence from China. *Asia-Pacific Journal of Financial Studies*, 48(2), 210-235. <https://doi.org/10.1111/ajfs.12254>
- Chen, S., Ye, Y., Jebran, K., & Majeed, M. A. (2020a). Confucianism culture and corporate cash holdings. *International Journal of Emerging Markets*, 15(6), 1127-1159. <https://doi.org/10.1108/IJOEM-08-2019-0590>
- Cheng, B., Pan, F., & Xuan, Y. (2016). Confucian culture and accounting information quality. Available at SSRN 3790690.
- Chou, W. J., & Cheng, B. S. (2020). Humanistic paradigm in leadership practice—a case study of a Confucian entrepreneur. *Cross Cultural & Strategic Management*, 27(4), 567-587. <https://doi.org/10.1108/CCSM-01-2020-0011>
- Chunxia, W. (2010). The Influence of Confucian Culture on Business Management: A Case Study of Chinese Entrepreneurs in Macau. *International Journal of Business Anthropology*, 1(2), 117-134. <https://doi.org/10.33423/ijba.v1i2.1199>
- Clarke, T. (2007). *International corporate governance: A comparative approach*. Routledge.
- Du, X. (2013). Does religion matter to owner-manager agency costs? Evidence from China. *Journal of Business Ethics*, 118, 319-347. <https://doi.org/10.1007/s10551-012-1569-y>
- Du, X. (2015). Does Confucianism reduce minority shareholder expropriation? Evidence from China. *Journal of Business Ethics*, 132, 661-716. <https://doi.org/10.1007/s10551-014-2325-2>
- Du, X. (2016). Does Confucianism reduce board gender diversity? Firm-level evidence from China. *Journal of business ethics*, 136, 399-436. <https://doi.org/10.1007/s10551-014-2508-x>
- Du, X., Jian, W., Lai, S., Du, Y., & Pei, H. (2014). Does religion mitigate earnings management? Evidence from China. *Journal of Business Ethics*, 131, 699-749. <https://doi.org/10.1007/s10551-014-2290-9>
- Elms, H., & Berman, S. (1997, July). Stakeholder-Agency Theory: A Critical Example and Extension. In *Proceedings of the International Association for Business and Society* (Vol. 8, pp. 657-668). <https://doi.org/10.5840/iabsproc1997863>

- Fingarette, H. (1972). *Confucius: The Secular as Sacred*. New York: Harper & Row.
- Han, Y., & Altman, Y. (2010). Confucian moral roots of citizenship behaviour in China. *Asia-Pacific Journal of Business Administration*, 2(1), 35-52. <https://doi.org/10.1108/17574321011028963>
- He, Y., Tian, Z., & Chen, Y. (2007). Performance implications of nonmarket strategy in China. *Asia Pacific Journal of Management*, 24, 151-169. <https://doi.org/10.1007/s10490-006-9030-3>
- Hwang, K. K. (2012). *Foundations of Chinese psychology: Confucian social relations (Vol. 1)*. New York: Springer.
- Ivanhoe, P. J. (2000). *Confucian moral self-cultivation*. Hackett Publishing.
- Jebran, K., Chen, S., & Zhang, R. (2022). Board social capital and stock price crash risk. *Review of Quantitative Finance and Accounting*, 58(2), 499-540. <https://doi.org/10.1007/s11156-021-01001-3>
- Jebran, K., Chen, S., Ye, Y., & Wang, C. (2019). Confucianism and stock price crash risk: Evidence from China. *The North American Journal of Economics and Finance*, 50, 100995. <https://doi.org/10.1016/j.najef.2019.100995>
- Jensen, M. C., & Meckling, W. H. (1919). Theory of the firm: Managerial behavior, agency costs and ownership structure. In *Corporate governance* (pp. 77-132). Gower.
- Knoblock, J., & Riegel, J. (2000). *The Annals of Lü Buwei: A Complete Translation and Study*. Stanford: Stanford University Press.
- Kong, M., Xin, J., Xu, W., Li, H., & Xu, D. (2020). The moral licensing effect between work effort and unethical pro-organizational behavior: The moderating influence of Confucian value. *Asia Pacific Journal of Management*, 1-23. <https://doi.org/10.1007/s10490-020-09736-8>
- Kung, J. K. S., & Ma, C. (2014). Can cultural norms reduce conflicts? Confucianism and peasant rebellions in Qing China. *Journal of Development Economics*, 111, 132-149. <https://doi.org/10.1016/j.jdeveco.2014.08.006>
- Lam, C. K., & Goo, S. H. (2015a). Directors' duties in the context of Confucianism. *Journal of Financial Crime*, 22(1), 37-47. <https://doi.org/10.1108/JFC-05-2014-0022>
- Lam, C. K., & Goo, S. H. (2015b). The issue of enforcement in Chinese corporate governance. *Journal of Financial Crime*, 22(4), 468-475. <https://doi.org/10.1108/JFC-05-2014-0023>
- Li, K., Griffin, D., Yue, H., & Zhao, L. (2011). National culture and capital structure decisions: Evidence from foreign joint ventures in China. *Journal of International Business Studies*, 42, 477-503. <https://doi.org/10.1057/jibs.2011.7>
- Li, W., Xu, X., & Long, Z. (2020). Confucian culture and trade credit: evidence from Chinese listed companies. *Research in International Business and Finance*, 53, 101232. <https://doi.org/10.1016/j.ribaf.2020.101232>
- Li, X., Wang, S. S., & Wang, X. (2017). Trust and stock price crash risk: Evidence from China. *Journal of Banking & Finance*, 76, 74-91. <https://doi.org/10.1016/j.jbankfin.2016.12.003>
- Liu, T. Q., & Stening, B. W. (2016). The contextualization and de-contextualization of Confucian morality: Making Confucianism relevant to China's contemporary challenges in business ethics. *Asia Pacific Journal of Management*, 33, 821-841. <https://doi.org/10.1007/s10490-015-9415-2>
- Makeham, J. (2020). *Transmitters and creators: Chinese commentators and commentaries on the Analects*. Brill.
- McDonald, P. (2016). *Confucian foundations to leadership: a study of Chinese business*

- leaders across Greater China and South-East Asia. In *Leadership in the Asia Pacific* (pp. 23-45). Routledge.
- Miles, L., & Goo, S. H. (2013). Corporate Governance in Asian Countries: Has Confucianism Anything to Offer?. *Business and Society Review*, 118(1), 23-45. <https://doi.org/10.1111/basr.12001>
- Murphy, B., & Wang, R. (2006). An evaluation of stakeholder relationship marketing in China. *Asia Pacific Journal of Marketing and Logistics*, 18(1), 7-18. <https://doi.org/10.1108/13555850610641055>
- Nylan, M. (2008). *The five "Confucian" classics*. Yale University Press.
- Pines, Y. (2008). *Envisioning eternal empire: Chinese political thought of the Warring States era*. University of Hawaii Press.
- Rarick, C. A. (2008). Confucius on management: Understanding Chinese cultural values and managerial practices. *Journal of International Management Studies*, 2(2).
- Roetz, H. (1993). *Confucian ethics of the axial age: A reconstruction under the aspect of the breakthrough toward postconventional thinking*. State University of New York Press.
- Rowley, C., & Oh, I. (2020). Trends in Chinese management and business: change, Confucianism, leadership, knowledge & innovation. *Asia Pacific Business Review*, 26(1), 1-8. <https://doi.org/10.1080/13602381.2019.1698707>
- Shun, K. L. (1997). *Mencius and early Chinese thought*. Stanford University Press.
- Slingerland, E. G. (2003). *Confucius Analects: With selections from traditional commentaries*.
- Stulz, R. M., & Williamson, R. (2003). Culture, openness, and finance. *Journal of financial Economics*, 70(3), 313-349. [https://doi.org/10.16/S0304405X\(03\)00173-9](https://doi.org/10.16/S0304405X(03)00173-9)
- Van Norden, B. W. (Ed.). (2002). *Confucius and the Analects: New essays*. Oxford University Press.
- Van Norden, B. W. (Trans.). (2008). *Mencius*. Hackett Publishing Company.
- Wang F. (2004). Confucian thinking in traditional moral education: Key ideas and fundamental features. *Journal of Moral Education*, 33(4), 429-447. <https://doi.org/10.1080/0305724042000327984>
- Wang, L., Zhang, Y., Wang, L., & Fu, J. (2020). Confucianism and Firm Performance. *Frontiers in Physics*, 8, 319. <https://doi.org/10.3389/fphy.2020.00319>
- Woodbine, G. F. (2004). Moral choice and the declining influence of traditional value orientations within the financial sector of a rapidly developing region of the People's Republic of China. *Journal of Business Ethics*, 55, 43-60. <https://doi.org/10.1007/s10551-004-5592-5>
- Xu, X., Li, W., & Chen, X. (2019). Confucian culture and stock price crash risk. *China Journal of Accounting Studies*, 7(1), 25-61. <https://doi.org/10.1080/21697213.2019.1625577>
- Yang, L., Li, W., & Li, J. (2022). Confucianism and earnings management: evidence from China. *Emerging Markets Finance and Trade*, 58(6), 1525-1536. <https://doi.org/10.1080/1540496X.2021.1900819>
- Yao, X. (2000). *An introduction to Confucianism*. Cambridge University Press.
- Yap, J. B. H., & Ng, X.H. (2018). '기사' (Article) 와 안내문 (Information) ['], *The Electronic Library*, 34(1), 1-5.
- Yu, J. (2013). *The ethics of Confucius and Aristotle: Mirrors of virtue* (Vol. 7). Routledge.

Yu, W., Zhu, K., Huang, H., & Teklay, B. (2021). Does confucianism influence corporate earnings management?. *Research in International Business and Finance*, 56, 101390.
<https://doi.org/10.1016/j.ribaf.2021.101390>

Zhai, J., & Wang, Y. (2016). Accounting information quality, governance efficiency and capital investment choice. *China Journal of Accounting Research*, 9(4), 251-266.
<https://doi.org/10.1016/j.cjar.2016.08.001>