



Modes of Human Behaviour and Economic Development in the Context of Chinese Cultural Values: A Discourse on the Theory of “Destiny Circles”¹

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Abstract

China's rapid economic development in the past three decades has prompted many to search for answers behind this phenomenon. Besides such factors as national political stability, correct development guidelines, abundant labour and capital resources, the inflow of foreign capital, technology and management experience, and peaceful international environment, academic enquiries have also begun to delve into Chinese cultural values for theoretical insights. It is here argued that the key Chinese cultural value is one that may be described as narrow in scope but broad in meaning as embedded in the Chinese character “zhong” (中) or “centre”. This character embodies a range of meanings that reflects an attitude that is flexible and diverse in the handling of human relations. This attitude is central to a series of complicated “destined relations” (缘分) that occur under varying degrees of intimacy. These destined relations have a strong influence on a person's thinking and actions, are all-embracing and complex, and highly logical. The values on which the “circles” of destiny relations are formed have considerable influence on Chinese management ideas and socio-economic development.

Key words: Chinese cultural values, cultural values of “zhong”, “Destiny Circles Theory”, economic development

Introduction

“Chinese cultural values” or their essence are not easily defined. Many of these values are embedded in Confucian teachings but how much still survive until today and how compatible they are with the needs of contemporary society are subject to debate. Under the impact of cultural globalization, when the preferences of Chinese youth are increasingly similar to those of American youth, where and how will the distinctiveness of Chinese culture and its oriental characteristics be expressed? (苏童/Su Tong, 2007). It has been suggested that a cultural system with Chinese characteristics should be built up. But before this is done, it is necessary

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to understand the core values of Chinese culture. The discourse on these core values would require intellectual inputs from all social groups including those in politics, academia, and the general public.

Understandably, the intellectual contents of cultural values are diverse and so are the interpretations of different schools. This study is based on the interpretations of Chinese cultural values of Qian Xun (钱逊, 2011), who is acknowledged as a leading scholar of Sinology of the twentieth century. According to Qian Xun, the core values of Chinese culture are made up of five essential elements:

The first element is the relationship between material and spiritual life. The supremacy of spiritual life and the union between the self and the group are two key concepts in Confucian teachings that mark the basic benchmark values of the Chinese.

The second is the relationship between the individual and the group. In traditional Chinese culture, the individual is part of the larger group. This element is inseparably linked to the first. Only when one places spiritual life above all else will one get along well with others. A person who pursues material comfort at all cost cares only for himself. He who values spiritual life and accepts that he is a member of a group will not remain aloof or be self-centred. These two ideas are the opposite of popular Western ideas that place emphasis on individualism.

The third is etiquette. China is traditionally seen as a nation that emphasizes relationships by which its people observe standard modes of behaviour based on virtue and moral perfection. This is in contrast with the Western emphasis on the rule of law. Morality and etiquette follow accepted standards and norms that in turn influence the conduct of government. A country therefore cannot stand on its own without a system of morality and etiquette.

The fourth is conscience. The West believe in God and often criticize the Chinese for low moral standards and their disbelief in God. This reflects a lack of understanding of Chinese culture. Chinese behaviour is restrained by the human conscience, the sense of shame and dishonour, and an internalized sense of morality.

The fifth is harmony, a universal value that is a special feature of Chinese culture. The concept of harmony has been adopted as a major element in the approach to social development in China since the last decade.

The core cultural value of the Chinese may be interpreted as a value that is narrow in scope but broad in meaning. This core value is symbolized by different layers of meaning embedded in the Chinese character “zhong” (中):

- (i) A central position that is equidistant from its edges.
- (ii) In a space such as a room or in darkness.
- (iii) Medium grade or quality in between two extremes.
- (iv) In the process of doing something.
- (v) With reference to *Zhongguo* (中国) or China such as Chinese style, Chinese language.
- (vi) Appropriate or suitable. In this usage, “zhong” carries three more meanings, namely, winning a prize or an election, or satisfied with something; suffering from something,



such as being poisoned, betrayed, or be the victim of a conspiracy; and to pass the imperial examination or be admitted to the provincial or imperial civil service.

More meaningful, however, are the layers of cultural implications of “zhong”, of which there are several.

Firstly, “zhong” indicates the inner palace or the imperial court and, later on, the government. The character is attached to various imperial positions the appointment to which would signify lifelong achievements. In due course, this “central” position became a symbol of exaltation and high respect. Among commoners, a career in officialdom is the ultimate aim in life. In a feast, the central seat is reserved for the person with the highest imperial or social status.

Secondly, among the five elements of metal, wood, water, fire and earth, “zhong” symbolizes the earth.² Occupying a central position away from the extremes, it works for stability, well-being, and durability. These are qualities that are much cherished in the daily life of the common people of China.

Thirdly, “zhong” also connotes harmony, a deeply rooted traditional Chinese cultural trait that stresses social accord and coherence.

Fourthly, “zhong” signifies impartiality and the “true middle position”. In ancient times, officials who failed to keep “head and neck straight or proper” were forbidden to attend the imperial court. Later it implies taking the middle course in one’s attitude. The character, when added to the radical “man” (仲), retains its pronunciation but is used to refer deliberately to a rank below the first, in the tradition of keeping a low profile. The old adage of “shoot the bird which takes the lead” shows why the Chinese are loath to claim to be the first.

Fifthly, “zhong” also rhymes with “zhong” (种) or to cultivate or to plant. When one cultivates flowers more than thorns, it means that one speaks of positive rather than negative things or, simply, to praise rather than to find fault with others.

Lastly, in the local dialect of Henan province, “zhong” connotes various meanings. When an official in Henan promises to help someone, he may utter the word “zhong” just once. When he does so twice, it means he needs time to consider the request. If “zhong” is uttered repeatedly, he is being perfunctory and no action would be taken.

In general, in the wide and deep-rooted nature of Chinese culture, many subtle meanings may be distilled from the character “zhong” to show the manner in which the Chinese handle inter-personal relationships. It is a flexible and variable art that reflects the complex relations between humans. These relations are in turn linked together by different forms of “yuan” (缘). *Yuan fen* (缘分) or “yuan” relations imply a random meeting of two or more persons that is interpreted to be the outcome of a “pre-destined fate”, or a chance meeting in the sea of humanity. It is a special relationship nurtured by some common associations or ties.³ In modern terminology, it may be seen as a case of “synchro-destiny”, happy coincidence or serendipity. These forms of “yuan” constitute a system that has a powerful influence on a person’s thinking and actions. “Yuan” relations vary in intimacy and fall into seven different levels. These levels

of relations arise from the association with territory (地缘), money (钱缘), occupation (业缘), school (学缘), friendship and/or romance (情缘), marriage (姻缘), and blood (血缘). Genetically, the term “destiny” is used to represent the meanings and connotations embodied in the concept of “yuan”. The formation, changes and mechanism of these forms of “yuan” influence the thinking and behaviour of the Chinese. They embody practical meanings that have far-reaching effects on social and economic development.

“Destiny Circles” Defined

In the process of growth and survival, a person faces three contradictions in life. The first is between the person and the environment; the second is inter-personal contradictions; and the third is between the person and his or her inner self.

In real life these three contradictions are intertwined as every person is part of the larger society in which he finds himself. In the natural setting, all living things are individual parts of the larger organic whole. It is this gregariousness that ensures survival, and humans, placed at the apex of the hierarchy of all living creatures, are no exception.

The issue is, how do humans form into groups? How they do so follows a certain regularity. For example, one cannot choose one’s nationality, the locality of one’s birth, or the social and economic conditions into which one is born. Be that as it may, as every person operates in his own social space and meets different people in his daily life, his “yuan” relations or the probability of serendipitous occurrences are different from those of others. Different “yuan fen” leads on to different living and working conditions and generate different outcomes. As one’s “yuan fen” is circular in nature, it intersects and overlays with those of others and, due to various reasons, may be subjected to change. How then do people gather together and become connected?

The inner core of “yuan” relations is that based on blood. Extending outward, the next level is related to marriage and then ties of romance or friendship. Other types of relations in declining intimacy are those based on learning or the “old-school tie”, occupation, money, and territory (see Figure 1).

Human behaviour and actions are complex and vary from one person to another. Everyone is different in physiology, character, disposition, temperament, and the extent that he is influenced by society, politics, economy, culture, the family, ethnicity, beliefs and so forth. As each person reacts to events differently, can we detect regularities in the way humans behave and act? We feel that the idea of “destiny circles” (圈式缘聚) may sketch a model of the behaviour of an individual in the context of special social and economic circumstances. This model may afford a new approach to the discussion of the impact of “destiny circles” on society and the economy.

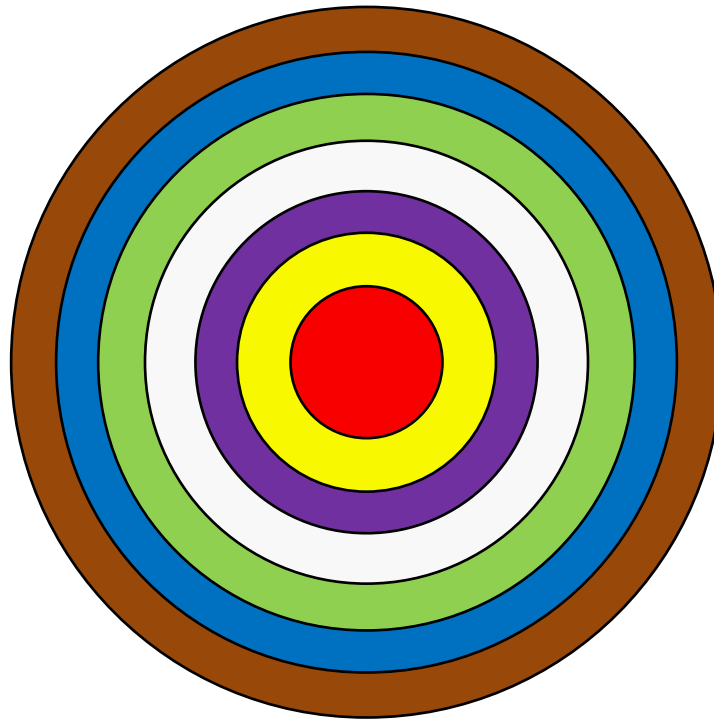


Figure 1. Levels of “Yuan”

Note: Inner to outer circle: seven levels of relations based on blood, marriage, romance or friendship, learning/school ties, occupation, money, and territory.

Conditions of the Survival Environment

All humans wish to live in favourable circumstances, in an environment where they may pursue a happy life and their desired objectives. The overriding desire is for social stability and security of life; the availability of fresh air and beautiful surroundings free of pollution and desolation; and access to wholesome and healthy food. In real life, however, there are always many practical problems to contend with. In short, abnormal circumstances in the survival environment will lead to abnormal behaviour and action. Hence, the model of “destiny circles” may be applied to the study of human relations based on certain assumptions.

These assumptions include a natural environment which enables humans to live and survive to old age; a social order with functioning social, economic and legal systems that ensure basic living conditions free of conflicts or war; and sufficiently strong moral and cultural values to regulate behaviour and to safeguard justice and fair play.

Meanings and Types of “Destiny Circles”

A person does not live in isolation but is exposed to social relations through a system of “yuan”. A series of such chance meetings occurring under different circumstances and at

different levels may give rise to “destiny circles” comprising the inter-personal relations of one or more groups of persons.

The “Yuan” of Blood Relations

Blood relation is the original “yuan” at birth. The strength of this relation is determined by kinship ties. The closest relatives are parents and their children and among siblings who share half the common DNA structure. The second closest are the paternal and maternal grandparents, uncles and aunts who possess 25 per cent of the common DNA makeup, followed by the first cousins lower down the kinship lineage.

Relations based on blood ties are the most stable. In China, parents will bear sacrifices for the sake of their children. But these children may not always repay their parents in the same way because they may have their own children to take care of.

The “Yuan” of Marriage

Marriage is itself the outcome of fate or “yuan”. It signifies the chance of a lifetime between a man and a woman who share a common destiny. Relations through marriage require the existence of certain pre-conditions, of which the most basic is that the couple complements each other biologically for the purpose of reproduction. It is popularly believed that marriage is pre-destined in one’s previous life. It is “yuan” that brings two persons who may be separated by a thousand miles to meet and be married; yet without “yuan”, they may cross each other’s path and do not meet. This may sound romantic but in real life it is something beyond one’s control. In real life too the concept of pre-destination is vague and hazy. The traditional view is that it is a destiny that has been nurtured through a thousand years. Yet it is undeniable that, in the sea of humankind, it is “destiny” that brings together two persons to tie the knot for life.

This destiny circle is a stable one-to-one relationship. It is an agreement between a male and a female, and secured by accepted social norms and rules. This is the inevitable regulation of “natural laws” both for the continuation of humankind and to satisfy the long-term requirement for social stability.

The “Yuan” of Friendship and Romance

Friendship indicates the good companionship between two or more persons. It may develop into a romantic relationship between a man and a woman and lead on to a stable one-to-one bonding. Friendships are not brought about by the operation of laws, contracts or formalities but by common needs, interests, values, personalities or other factors. Relationships based on friendship are not fixed and may be open or clandestine. Friendships are subject to external influences and change, for better or worse.

The “Yuan” of Learning

Arriving at a place to “learn” may bring people together. There are two meanings of



“learning”. The first is to learn through experience that affects one’s behaviour or psychological make-up. Learning is different from instinct in that it relates to relatively permanent changes. In the process of learning, one may develop friendship through common activities and interests. The second is to learn in the pursuit of one’s “calling”. Unlike pursuing a career when one earns a living, the pursuit of one’s “calling” is for the larger benefit of society. Persons sharing this common goal are then brought together under the “yuan” of learning. This circle is made up of persons who gather together as classmates or persons who share the same interests.

The “Yuan” of Common Occupation

Individuals who work in the same place are linked by a common destiny of “yuan”. Employment is one part of the division of labour into which a society is organized. Individuals perform different jobs according to their specific skills to support themselves and to satisfy their mental needs. Persons found within this circle have common interests and liking, sometimes to the extent of forming alliances for economic benefits or common interests.

The “Yuan” of Money

Money is the basis of the operation of the market-oriented economy. It is the medium of exchange that humankind cannot dispense with. It is money that connects people through commercial transactions. The parties involved may not know each other and may or may not build up new relationships based on their impression of or “yuan” with each other.

The “Yuan” of Territoriality

In the days when mobility was minimal, persons from the same region meeting elsewhere would feel a special sense of bonding. The term “fellow villager” or *lao xiang* (老乡) connotes a shared identity based on the “yuan” of territory. It embraces similarities of language, ancestry, birth, village and where one grows up. Territorial identity is the basis by which local areas are divided by loyalties to birth places or ancestral villages. Some villages may comprise of members sharing a common family name. The idea of “lao xiang” is the psychological basis of identity that is anchored on the concept of territoriality from the village level extending progressively to the national level. In this regard, the “yuan” of territoriality is in fact a form of “destiny circle”, but one in which inter-personal relationships are rather weak and passive.

“Destiny Circles” as Shaped by One’s Intentions and the Reactions of Others

Destiny circles are the outcome of the subjective intentions of a person and the subsequent reactions or responses from others. Subjective intentions that are made known through information may vary from person to person. Under normal circumstances, the boundaries of destiny circles are stable and clear. They are subject to change due to various reasons ensuing from different

combinations of subjective intentions and responses from information receivers. We may define this phenomenon as “moving destiny circles”. The movement may be normal or abrupt.

Although there are limits to one’s “yuan” which may remain relatively stable over time, yet many factors can destabilize “yuan” relationships. Normal movements in one’s destiny circles are acceptable as one seeks to improve existing relationships. Hence changes in stable destiny circles are relatively slow as it takes time to consolidate inter-personal relationships.

Destiny circles are also subjected to abrupt movements. Relationships that take a sudden turn for the worse are often the outcome of “evil fate”. This may occur when a marriage breaks down and when one partner inflicts misery on another. Inter-personal relationships deteriorate as information is stopped or blocked and the persons affected are not able to predict what will happen next. These persons could be close friends or partners, schoolmates, lovers, or siblings as they turn against each other in an abrupt change of their destiny circles.

The downfall of many officials in China is due to abnormal movements in their destiny circles. Examples abound with high officials coming to grief through abrupt changes in their relations with generally intimate or trusted subordinates or mistresses.⁴ The sudden snapping of erstwhile intimate relationships is often caused by conflicts of personal interests. Serious consequences that ensue may bring about losses in monetary terms, employment as well as one’s reputation. In the workplace, delinquent officials are generally the active party while their “yuan” partners, very often mistresses, assume a passive role in their relationships. The subjective wishes of the active partner, complemented by those of their mistresses, have enabled relations to develop between erstwhile strangers to a level of romantic “yuan” relationships. The process takes time to mature but may snap violently if the relationship is upset by irreconcilable self-interests. In other words, destiny circles are subject to change not only by the subjective intentions of the active party but also by the action of the responding party.

Manifestations of Subjective Intentions and Types of Objective Responses

Changes in a person’s destiny circles are caused primarily by his subjective intentions, wishes or motivations, and secondarily by the reaction of the responding party. Subjective intentions are manifested in eleven ways, while responding reactions may appear in twelve ways under three categories.

Types of Subjective Intentions

The eleven types of subjective intentions may be ranked according to the well-meant to the malicious and from close to distant relationships. In personal relations, the responses of the passive party is often as important as the intentions of the active party (Figure 2).

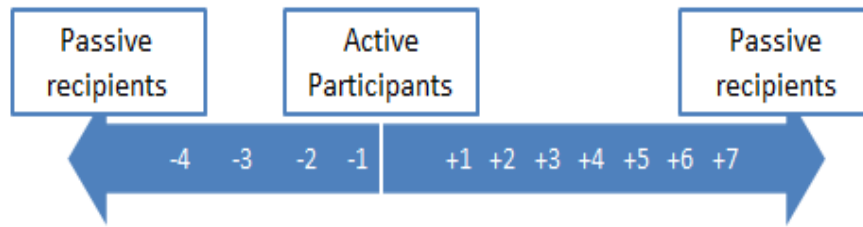


Figure 2. Types of Subjective Intentions and Their Effects

Type one (represented by +1 in the Figure above) refers to altruistic intention the purpose of which is to benefit not the self but others. This is normally seen in the first destiny circle of blood relations and takes the form of parental love for children.⁵

Type two (+2) is the helping of others as a form of pleasure, generally between the active party and the responding counterpart whose relationships are slightly less intimate than those of the first type.

Type three (+3) reflects a willingness to extend help to others but, unlike Type +2 relations, is often prompted by self-interest.

Type four (+4) refers to an obligation to help others. This is only an option to help and depends on whether one's self-interests are served.

Type five (+5) is a relationship where one does not wish to add to the burden of others or interfere with their life. If members of society refrain from imposing trouble to others as a matter of principle, this society will be rid of oppression or chaos.

Type six (+6) refers to mutual exchange and benefit, generally associated with the “yuan” of money. This is the basic relationship in human society and on which the principle of market economy works. Without this “yuan”, modern progress will be severely retarded.

Type seven (+7) is a situation when one is never in contact with others. This is the weakest of human relationships in which the social distance is the farthest, but where neither positive nor negative effects are felt. The intelligent person will try to establish relations with the unacquainted or his enemies in order to widen his potential “resources”.

Type eight (-4) intention is one in which someone benefits by causing harm to others. It is not uncommon that a person derives personal gain at the expense of causing hurt to the interests of others. The relations between the active and responding parties may be distant or close.

Type nine (-3) intention occurs when one causes harm to others but gaining nothing in return. Writing anonymous or “poison” letters to wilfully harm the name of others are classic examples. In general, the social distance between the active and responding parties may be close.

Type ten (-2) intention is to deliberately step on someone who is already down and out. This is the proverbial vicious act of “heaping stones into the well into which one has fallen”. The degree of harm is more serious than the two types mentioned above. The social distance too may be closer than is often imagined.

Type eleven (-1) intention is the most vicious of all. The aim is to destroy someone. It is often committed by intimate ones or close associates when their relations turn sour. Persons who are not associated with the target person have no reason to cause him any harm and are indifferent to his fate.

Rewards for Our Actions

Drawing on insights from the *Yijing* (《易经》 or *Book of Change*), we are able to discern three different ways by which one reaps the fruits of one's actions or deeds. Each way in turn takes different forms.

Positive Rewards

“Heng” (亨): When one does the right things and everything falls in smoothly and successfully.

“Zhen” (贞): When one maintains the correct path and behaves in accordance with accepted rules and avoids wrong doing.

“Li” (利): When events develop and change gradually but do not damage one's interests.

“Ji” (吉): Occurs when one's behaviour and events unfold in agreement and in accordance with expectations.

Bitter Rewards

One's subjective intentions may be the cause of a variety of bitter rewards. Six types may be identified:

“Lin” (吝): When problems, troubles, and regrets interfere with a relationship to frustrate the realization of intended goals.

“Hui” (悔): When remorse and anxieties cause a violent reversal of relationships.

“Li” (厉): When dangers begin to reverse a relationship and one is threatened by one's previous actions.

“Jiu” (咎): When disasters and wrong-doings reverse a relationship to bring harm on one.

“Xiong” (凶): When calamities and evil forces from a relationship bring pernicious consequences to the point of damaging one's property or causing one's life.

“Sheng” (眚): When one is exposed to bodily harm as a result of the reversal of a relationship.

Neutral Reaction

Absence of effects (勿用): Without positive or negative effects, when one cannot control the development of events and nature takes its course.

Absence of worries (勿恤): One does not have to worry about the development of events that may bring beneficial returns.

The eleven types of subjective intentions of the active party and the twelve types



of responses or reactions determine changes in inter-personal relations. Each of the eleven intentions may combine with the reactions to give rise to a total of 132 possible changes and to determine the movements of destiny circles and their complexity in inter-personal relations, subject to certain mechanisms of such movements.

The Mechanism of Destiny Circle Movements

Inter-personal relationships within destiny circles are rarely constant but are subject to change that may shift towards mutually beneficial or damaging levels. The movements in destiny circles take several forms and result in very different outcomes.

1. A destiny circle has rigid boundaries and attempts to foster a closer circle requires extra efforts or a drive for greater potential benefits. Once the relationship is tightened, mutual trust is elevated to a higher level.
2. A person may circulate in several, often overlapping, destiny circles at any one time such as those associated with work, learning, or romance. The complexity of one's relationships increases with the number of destiny circles one operates in, and maintaining or dealing with these relationships successfully becomes more difficult than before.
3. A destiny circle may undergo a sudden turn for the worse. This turn of event may be prevented from further deterioration if both parties value the relationships or it may become vengeful if bitterness takes control.
4. Differences in personality have an influence on the movement of destiny circles. These differences are reflected in one's character and inclinations such as one's basic needs, motivations, ideals, and values. They exert an influence on one's goals and way of life. Hence one's character may decide one's fate in meeting persons with whom one shares "yuan". Relationships based on "yuan" come into play in social development or change.

Personality may be viewed as a structure or a system. The conceptions of personality structure may be seen in the narrow and broad sense. In the narrow sense, personality structure reflects psychological inclinations and indicates one's attitude towards social environment and commitment in one's behaviour with regards to one's needs, motivations, ideals, or beliefs. A person's psychological makeup is derived from a combination of various psychological characteristics such as the interest or ability to complete certain tasks, the inner strength to motivate certain psychological acts, or the character that determines the attitude towards the current situation or an undertaking.

In the general sense, personality structure also includes psychological processes (such as cognition, emotion or will-power) and the psychological state of mind (whether one is easily excited or remains calm, one's power of concentration or inattentiveness, or one's level of confidence or lack of it). The essence of a person's personality varies according to the person,

time, place, and the environment and gives rise to an endless diversity of inter-personal relations. Hence, which kind of “yuan” a person will encounter is an issue worthy of further discussion. Based on our current understanding of “destiny circles”, inter-personal relations may be illustrated as shown in Figure 3.

Institutional Rules and Their Role on Destiny Circle Movements

Inter-personal interactions take place within an institutional framework with its system of rules and accepted practices. Its role is to regulate actions and behaviour so as to discourage delinquency or social disruptions, and instead subject this behaviour to some extent of predictability and hence to enable a community to function properly to promote labour efficiency and the creation of wealth.

Institutional rules may be formal and informal. The former often takes the form of written rules which are mandatory and normally implement by a third party. The latter comprises unwritten rules of behaviour that have been accumulated through traditional practices and sanctions.

Institutional rules have the following features:

1. Institutional rules may be regarded as a form of public goods. For a common cause, these rules are neutral and do not work in favour of or discriminate against any person. In the absence of a common cause, the rules may lead to different social consequences. Hence, different systems will compete with reference to the standards of efficiency and equality.
2. Institutional rules constitute a group of contracts to co-ordinate inter-personal relations. Their value lies in the provision of justice and efficiency. Justice ensures equality and opportunities within the common entity and efficiency is shown in producing and improving welfare or in the control over costs.
3. The process in the emergence of or change in institutional rules is the result of the actions of countless persons. Once the beneficial effects of a system are acknowledged, it may be turned into an effective approach or tool in the co-ordination of inter-personal relations.
4. The efficiency of institutional rules reflects the nature of social order. These rules give rise to a layered and networked social structure that constitute an information channel by which different persons may derive knowledge to allow them to behave in ways that are stable and distinctive.

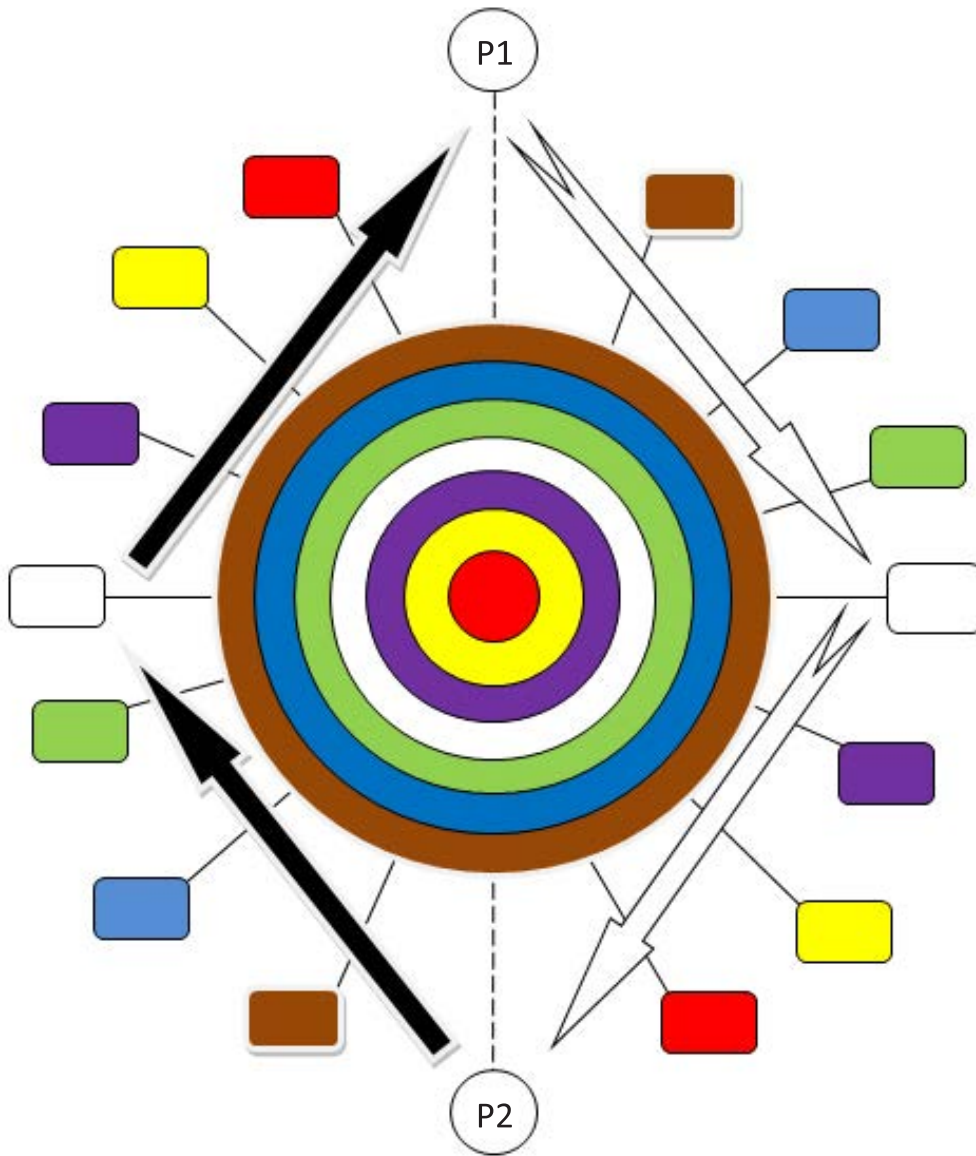


Figure 3. Movements in Destiny Circles

Note: P1 and P2 are two different natural persons. The assumption is that P1 has the initiative to deal with the relationship with P2 who is the passive party. Their roles are interchangeable. The colours from brown to red stand for the seven types of “yuan” based on the order of territory, money, career, learning, romance, marriage, and consanguinity. Black arrows indicate evil “yuan” movements and white ones are normal movements in destiny circles.

Institutional rules in the form of the legislation of laws and regulations have a direct bearing on the working of destiny circles (Figure 4). Legislations that are clear and precise will reduce the probability of sudden changes or contraction of destiny circles. But where legislations are ambiguous, the likelihood of a destiny circle or part of it growing weaker over time may increase. Where legislations are ambiguous, greater reliance is placed on cultural and public sanctions to regulate human actions and behaviour. On the other hand, ambiguous legislations increase the effectiveness of destiny circles and make available more opportunities for a person to exploit official resources to expand his destiny circles.

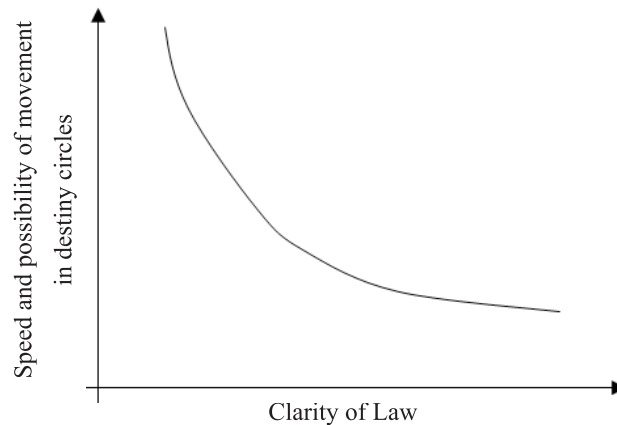


Figure 4. The Relationship between the Clarity of Laws and Movements in Destiny Circles

Figure 4 illustrates the inverse relationship between the clarity of legislations and changes in destiny circles. In the world of human relations or *guanxi* that are seen in China, legislations are able to regulate only certain types of human behaviour. Relations in destiny circles are played out within or outside the influence of institutional rules. Relations played out thus often result in constant changes in personal and subjective judgements, increase rent-seeking, and produce injustice. This phenomenon is deep-rooted in Chinese culture and is difficult to eradicate. Hence attempts to strengthen institutional rules demand knowledge of the exact nature and extent of the interplay between rules and “*guanxi*”. In order that human behaviour be more regulated, we need to have clear and definite institutional rules to minimize injustices arising from subjective actions. Bringing change to human behaviour in China will be a long-term process as there are many who understand inter-personal “*guanxi*” more than they understand institutional rules.

Practical Implications of the Theory of Destiny Circles

The theory of destiny circles has practical implications for management studies. Its concern with the understanding of the pattern of human behaviour is relevant to management practice in several ways.



The first is that destiny circles of “yuan” relations complement the inadequacy of formal institutional rules. The building of formal institutional rules is a protracted process. In a country like China with its large population, it is next to impossible to depend entirely on formal rules to ensure personal survival. In this regard, “yuan” will play an important role as a person may make use of his relations to overcome what institutional rules may fail to resolve. In rural areas where social security does not exist, farmers who do not exploit their ties to blood relations may not be able to avoid a life of misery and loneliness. The reality of life is that many official matters have to be resolved through “yuan” relations.

To gain “yuan” relations requires the need to improve the ability to get along well with others. In China, many believe that personal relations determine their lifelong failure or success. Where institutional rules are well-established, the stress is on one’s ability to accomplish an undertaking, but often at the expense of ignoring the importance of keeping good relations with others. In China today, one’s ability to get along well with others reflects one’s character and indicates one’s awareness of social, historical, cultural, and even human nature and, on this basis, be able to relate to others and to restrain oneself.

Second, destiny circles may foster a harmonious society which begins with the building of relationships among people. At work we relate to our superiors, colleagues and subordinates; at home to our parents, spouses, siblings and children; and in society with friends, classmates and strangers. Getting along well with others is an art in itself as it is the path towards living in harmony. In this regard, destiny circles theory may provide a guide on our own behaviour and the manner of interacting with others.

The next is the role of destiny circles in helping to stabilize the social structure. Although social stability depends on the influence of institutional rules that are impartial, yet the importance of informal rules based on destiny circles cannot be ignored. Indeed, the durability of Chinese traditional society in the past is partly the result of a social structure based on destiny circles. However, current theoretical work on the exact nature of this structure is still lacking.

Finally, destiny circles may be relevant in the management of employee behaviour to improve the level of performance. How to fully utilize China’s rich labour resources is a matter of serious concern. There are numerous theories on improving the management of human resources. In the formal workplace, people will, according to their characters and inclinations, establish destiny circles headed by key personalities and observing unwritten rules of behaviour. Whether such key persons will emerge depends on their ability to exploit knowledge derived from and skills in managing their destiny circles. Hence management needs to have the skill to monitor the emergence of key persons in destiny circles in order that the adverse consequences of informal groups may be turned into positive ones.

The Impact of Destiny Circles in Social and Economic Development

In the context of Chinese culture, the more skillful a person is in making use of destiny

circle relations, the more economically active he will be, and hence the greater access to social resources and position to improve the chances of success in his undertakings.

Business Enterprises and Destiny Circles

In business enterprises, the crucial initial phase of development is inseparable from the influence of destiny circles. Irrespective of the background of the founders or the type and location of the business, success may ultimately hinge on the workings of different kinds of destiny circles.

- (i) Support of family: There are countless examples of such family-based enterprises throughout China which depend on the support of husbands or wives, parents, siblings, grandparents, cousins and other relatives.
- (ii) Support of close friends: The classic examples are former comrades-in-arm who have fought many battles together in the past and who have depended on each other for survival. These friends have been united in purpose and mission and are firmly locked like two gripping hands. Their friendship has been forged in the crucible of fire in the battlefield. It is then not uncommon to see ex-comrades setting up joint business ventures after they leave the army.
- (iii) Support of lovers: Persons who are romantically linked are likely to support each other in life. Many men have achieved success through the help of their fiancées or girlfriends. However, the bonds of romance are always weaker than those of consanguinity. Once the romantic links are snapped, relations may turn sour abruptly.
- (iv) Support of the old school tie: Former classmates tend to maintain a sense of loyalty to each other. In the world of business, the old school tie may help in building up business relations or partnerships. However, in the pursuit of self-interest, relations may be superficial, though businessmen in China who were classmates in MBA courses may maintain closer and more trustworthy relationships with each other.
- (v) Support from friends: Friends maintain good and honest feelings for one another. With the passage of time, friendship may be complicated by a divergence of self-interest.
- (vi) Support of fellow countrymen: People born in the same region or have common cultural or linguistic backgrounds may share an emotional affinity with each other. This shared identity between business people or their family members is often made known with the purpose to gain support in business dealings.
- (vii) Support from others: Relationships based on common family names, colleagues, and business suppliers or clients have also been relied upon in business ventures.

A Case Study on Staff Promotion

Promotion opens the door to greater access to a wider circle of relations and to more resources. The common perception is that a person who is skillful in flattery is promoted most easily. From the perspective of management studies, there is an alternative explanation to this perception. The promotion exercise of a large Chinese corporation may be used to illustrate the



working of the destiny circles theory.

The vice-presidency of the corporation has fallen vacant and two candidates are shortlisted for the position. Candidate A, the manager of one of the subsidiaries, is hardworking and has good rapport with the staff who also throw their support behind him. His background in technology has enabled him to upgrade the technological performance of the company and to maintain above-average profits compared with other subsidiaries. Candidate B, the manager of another subsidiary, is looked upon as rather idle and skillful in exploiting his connections with the top management. Although the performance of his company is the best among the subsidiaries, it is believed to be due to his special background rather than his ability. He has delegated most of the tasks to his subordinates whose hard work has contributed to the company's performance. The final outcome of the promotion exercise is the appointment of B as vice-president of the corporation. The decision may be examined by using the observation of Fred Luthans (2009).

Professor Luthans conducted his research on 450 managers and found that they were engaged in four types of activities, namely, traditional method of management (making decisions, planning, and control); communication (including dealing with information and handling of paper work); human resource management (motivation and the use of rewards and penalties, mediation of disputes, staff deployment and training); and networking (social and political activities and external organizations). The time spent on the four jobs varies among managers. A manager is labeled as an "effective manager" if he devotes much time on operational tasks in terms of quality and quantity and earns the respect of the staff. He is labeled as a "successful manager" if he rises rapidly through the ranks.

The average manager generally spends 20-30 per cent of his time on each of the four tasks. But there are differences in emphasis between the "effective manager" and "successful manager". The latter is more concerned in developing relationships through networking, to the extent of almost half the time (48%), while the former uses 70 per cent of his time on communication and human resource management, and only 11 per cent on networking. The conclusion to be drawn is that, firstly, the "successful manager" relies on his network management for promotion; secondly, the success of the "effective manager" comes largely from communication with the staff; and, thirdly, that one's skillfulness in manipulating social interaction and "playing politics" will accelerate one's rise in an organization.

The case study above supports Luthan's empirical findings. Manager A in this case stands for "effective manager" whereas B is a typical "successful manager". Both behave differently but the "successful manager", being more realistic than the "effective manager", rises faster. Luthans mentioned the role of "political skills" and this is indeed how Manager B is seen by many.

On this issue, Robinson (1989) argues that because different management positions have different requirements on managers, and because of differences in their style of management, it is not possible to predict who will succeed and who will not. Also, in view of the lack of promotion criteria, the promotion board may fall back on "good relationships" rather than performance in

the choice of candidates for promotion. This may then support Luthans' argument that "political skills" play a role in one's promotion. However, Robinson also mention that the manager's ability may still be the determinant of promotion. Hence a manager's "political skills" do not always work. There are therefore more deep-rooted reasons why the "successful manager" is promoted faster than the "effective manager".

Analysis of the Case by Destiny Circles Theory

The destiny circles theory may explain why the "successful manager" is promoted faster than the "effective manager".

The typical analysis is to assume that promotion is based on work performance. It is assumed that if a staff performs exceptionally well in his current position, he will also do so in a higher position. More accurately, a more logical assumption is that job responsibilities, the nature of work, and job specifications remain unchanged. This is because the current performance of a staff reflects his level of knowledge, work capability, and attitude towards his work. Promotion to a higher level of management may require different skills and priorities. For senior management, the main task is to be sensitive to the influence of current conditions on the enterprise, and to strive to place the enterprise in the most competitive position to realize its business objectives. It also requires them to be able to decide and define the direction of development of the company according to available information. Middle-level management is to serve as the bridge with senior management, especially in communication with staff, and hence the crucial importance of communication skills. The job of floor managers is essentially to complete specific tasks, and therefore must be equipped with operational skills. To assume that "promotion is based on performance" for this level of management staff may have lost its meaning. This is because a staff who is good in operational work may not be skillful in communication. It is those who are skillful in communication who are capable of expanding their destiny circles.

Another argument is that the "successful manager" plays an important role in strengthening the capacity of the enterprise to adapt to the environment. Under conditions of intense competition, besides their own professional skills, managers who are aware of and sensitive to external factors and the ability to mobilize internal and external professionals to drive the expansion of the enterprise are of special importance. In this regard, the "successful manager" has an advantage over the "effective manager". From the work of Luthans it is obvious that, unlike the "effective manager" who focuses more on his job duties, the "successful manager" shows a strong tendency to relate to external factors. He is therefore more skillful from the perspective of the theory of destiny circles.

Apart from his ability to build up his network of relations, the "successful manager" is also able to gather key personnel around him through his social skills. Such relationships not only allow him timely access to internal and external sources of information but also to enable him to make the right decisions and to ensure their successful execution. At the same time, his



acquaintance with and access to the right persons too becomes important as he is able not only to consider issues of strategies and directions, but also to exploit the talents and wisdom of his subordinates and external support. The “successful manager” in the case study above does not mean someone without much ability but an indication of his high-level leadership. It can be said that under conditions of intense competition, the chances of promotion of the “successful manager” are greater than those of the “effective manager”. Hence, the larger the manager’s destiny circle, the better the opportunities for promotion.

The social and communication skills involved in the building of destiny circles are inherent in a person and are hard to duplicate. On the other hand, certain skills such as the management of the production, supply, and sales functions of an enterprise and its human resources are qualities that are easily reproduced through learning and training. In the handling of relations in destiny circles, the “successful manager” is inherently better off than the “effective manager”. The value of a staff is determined by personal abilities as well as the factors of supply and demand. The inherent skills of the “successful manager” raises further his human resource “value”. “Promotion” is a special manner in which to reward, encourage, and to keep the “successful manager”. From this perspective, it is obvious why the “successful manager” enjoys more opportunities for promotion than the “effective manager”. The intangible nature of the contributions of the “successful manager” reflects the relevance of the destiny circles theory in practice.

Another function of the destiny circles theory in real life relates to the management of employees to improve their performance. The “successful manager” is able to unify experts and key personnel to help him. The ability to find the right person to do the right thing accords with the purpose for which destiny circles are intended. In the case of the “successful manager”, delegating authority to his staff does not mean his inability to manage. Instead he knows how to make good use of available human resources.

Conclusion

The logic of the theory of destiny circles is reflected in the role of “guanxi” that is embedded in “yuan” relations. As an analytical tool, the theory does not treat individual persons as independent entities but as members of inter-personal relationships that form a series of overlapping social networks. Each network embraces a large number of people who are connected by an array of relationships which can be complex and inseparable. Matters and events that are affected by such relationships are no longer confined to major issues as in the past but affect the outcomes of a myriad of daily chores such as visits to hospitals, admission to the nursery right up to college, employment, applications for permits, investments, submission of and winning contracts and so on, all relying on connections within each social network. In the short term, these social connections have raised the “efficiency” with which many chores are accomplished but in the long term, they constitute serious obstacles to the working of free

and fair competition.

In present-day China where many tasks are accomplished through connections, the role of destiny circles is equally significant as institutional rules. It is therefore important that we understand the operation of the destiny circles theory in everyday life so that we have a better grasp of the workings of the social and economic systems. Nevertheless, for the interest of justice and equality, it is essential that the institutional structure be improved in order to minimize the interference of connections.

Destiny circles have limitations that ought to be thoroughly appreciated. To an individual, the formation of destiny circles is the basis of his or her happiness. As the rate of development in communication and globalization gathers pace, and as international competition becomes more intense, inter-personal connections will multiply. Without the assurance of transparent and restraining institutional rules and regulations, such connections could give rise to social instability and even disorder.

In conclusion, the positive role of destiny circles is that they are a source of social force that drives social and economic development. They have serious shortcomings and it is essential to rely on modern legally-constructed institutional systems to enable society to live with compassion and to behave within accepted norms. Only then will the quality of life of society be raised to a higher level of human accomplishment.

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Notes

- 1 This study is based on a paper entitled “The application of destiny circles theory in management” by Qiu Lisheng, Wang Wenjun and others and published Chinese in the second issue of *Management World* (《管理世界》) in 2012. This is an authoritative monthly magazine that is a forum for the discussion on China’s economic, social and management issues from different perspectives. The study has generated considerable interest and attention in academic circles and the abstract of this article is quoted by several websites.



- 2 The five elements are held by the ancients to compose the physical universe and later used in traditional Chinese medicine to explain physiological and pathological phenomena.
- 3 *Yuan fen* (缘分) is the chance meeting, interpreted to be determined by fate or destiny, between two or more persons that may subsequently develop into inter-personal relations. It is these relations that give rise to different forms of “destiny circles”. It is different from “*guanxi*”(关系) in that it is a form of relationship that one is born into or developed later in life on the basis of acquaintance arising from chance meetings. One may also gather circles of acquaintances (结缘). “Yuan fen” also implies a form of blessing or luck (福分) in making the acquaintance of others. These concepts contain elements of “synchro-destiny” or serendipity and randomness. “Guanxi” implies a form of deliberate attempt to cultivate relationships with or without premeditated intentions, generally for the purpose of self-interest.
- 4 There are many cases of this nature. A vice-president of a provincial Political Consultative Conference was brought down by enmity among his eleven mistresses who accused him of failure to split his ungainly spoils equally. The following year saw him imprisoned for 12 years and fined RMB200,000.
- 5 The 12 ways in Chinese are as follows:
 - +1 毫不利己专门利人
 - +2 助人为乐
 - +3 乐于助人
 - +4 应该助人
 - +5 不给他人添麻烦
 - +6 互惠互利等价交换
 - +7 老死不相往来
 - 4 损人利己
 - 3 损人不利己
 - 2 落井下石
 - 1 处心积虑置人死地

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