The "C" Theory: A Chinese Philosophical Approach to Management and Decision-Making

Chung-Ying Cheng
Department of Philosophy
University of Hawaii at Manoa

1. Introductory Reflections on Present Trends in Management Studies

In this article I propose to explore and develop a new concept of management which is based on a new theory of management which is again based on and derived from a reflection on the Chinese cultural tradition and Chinese philosophy as well as from an observation on the actual embodiment of such tradition and philosophy in practice. There is no doubt that management can be both theory and practice-based, and the studies of management should be both theoretically and empirically oriented. It is to be noted that among all published studies of management there are more empirical studies, whether descriptively or analytically, than theoretical studies. Yet this is no denial that theoretical studies of management is equally important, if no more important, than empricial studies. Even granted that management is a practical matter and management science is an applied science, the theoretical involvement of management quickly reveals itself in its reliance on understanding principles of planning, organization, leadership and using conceptual tools in various aspects and on various levels of managing such as decision-making, personnel control, and policy adjustment.[1] The recognition of this involvement is of course found in a few earlier theoretical explanations and normative proposals on management practice and for the purpose of management practice. But modern systems theory and decision theories have made the theoretical studies of management even more urgent: Management needs and thereby becomes more and more systems theory-based and decision-theory oriented. In fact, management can be regarded as a matter of systems planning as well as a matter of decision-making as Herbert A. Simon seems to suggest.[2]

With this understanding of management, management can be said to be a more universal and a more universalizable art or technique for problem-solving and conflict-resolution, for management can become an application of a general systems theory or a general decision theory. The impact of this perception and this conception is apparently more profound in engineering fields than in business, but nevertheless large business can be very much system-oriented with the help of large and small computers.[3]

We may see that there are two stages or two phases of development in the studies of management, an empirical stage and phase, and a theoretical stage and phase. I speak of two stages of management, because I see the historical evolution from a predominantly empirical concern with management to a growingly more predominant theoretical concern with management. I speak of two phases of management, because I see both empirical and theoretical concerns of management as necessarily two irreducible components of

management studies. We can easily recognize these two phases in the contemporary practice of management. Even systems theory and decision science tend to make more and more impact on management practice with the tools of computers, management could remain and in fact still remains an art as well as a technique. Personal style and personal background still make a difference to the success or failure of management. What has been so far said tends to indicate that management studies have advanced from empirical phase to a theoretical phase without necessarily negating the empirical phase. A good result of recognizing this is that management as a practice can benefit from both empirical observation and theoretical reflection.

Now it must be pointed out that we have entered a third stage and a third phase of management studies and management practice. Management studies should not be confined to either empirical or theoretical studies, but must embrace holistic studies of culture, values and philosophy. Management practice also can be better refined and better guided if we become aware of the importance of culture and values of philosophy studies. With Japanese success in economical development and management, and with Japanses management playing a crucial role for Japanese economic production and product marketing, it is recognized that culture, value and philosophy should make an important impact on the actual style of management as well as on the economical development of a country. In the last twenty years, we begin to learn that management is not only a science (on a theoretical, systematic level), and not only an art (on a personal, empirical level), but a philosophy (on a higher level, the meta-theoretical, enlightenmental level). In fact it can be said that culture, value and philosophy are from the very beginning involved with management, as there is no management which is not practiced from a context of culture and value and in a context of culture and value regarding organization, personnel and leadership. The guiding idea or principle for decision making and considerations in the way of carrying out decisions and policies are often derived consciously or unconsciously from philosophy as personnally and culturally inculcated.
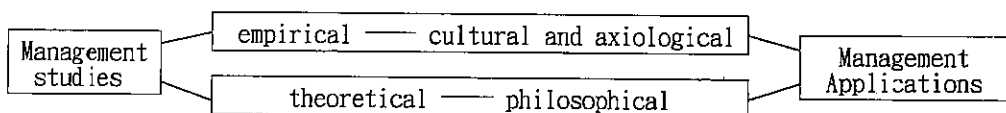
On the theoretical level, it is clear that no theory is complete in ranging over all factors and no theoretical variables are assumed without assuming values or arguments of certain nature. Hence for both constuction and interpretation of a theory cultural and philosophical considerations must be taken account. That there are various axiological types of theory in existence reflects subtle philosophical convictions on approaches to certain types of problems. Besides, when a theory, through interpretation, is actually applied to a real situation, the conditions of interpretation and application must be culturally understood. One may even argue that there must be cultural, axiological and philosophical conditions for the application of a theory. That is how general systems theory (gst) has to be concretely embedded or incorporated in a real-time situation with a real-time goal, in order to be useful. In doing so gst becomes particularized in culture, value and philosophy: it is in fact no more gst. In practice I am certain that these considerations have been to a large extent taken into account of. But then there has been no real and serious focus in these considerations, at least not until recently. For example, many American management studies on Japanese management only stressed the general cul-

ture, institutional and stylistic characteristics of Japanese management. They fail to uncover the in-depth ideological and philosophical basis or foundation of the Japanese managerial institution and styles. There are no account of the essential elements which make Japanese management possible. These indeed cannot be made clear until one goes into Chinese philosophy in the writings of The Analects and the Chung Yung. But then a study of the Analects and the Chung Yung requires an insight into Chinese philosophy of human nature and human community as well as their interactions. With this insight one will not only be able to account for the ways of managerial practice in Japan, but will show how these ways could lead to success and efficiency in management and under what conditions. Futhermore, this insight will also help to show how a philosophy of management based on human nature and human community envisioned by the Analects and the Chung Yung can be appropriated and incorporated in other cultural contexts, and how it can function as a corrective and critique of the managerial practice in other cultural contexts. Studies of improvement of management in a growingly more integrated world and for a growingly more dynamical future therefore must be based on understanding the philosophy of management and its evaluation and elaboration as a final guiding principle.

I will conclude my introductory observations on present trends in management studies with two further observations. First, empirical and theoretical studies of management must include considerations and reflections on cultural, axiological and philosophical factors. Philosophy must function as a foundation for a science of management, whereas culture and value must function as basis for the application of a science of management. Culture/value/philosophy are not simply conditions for managerial thinking and managerial practice, they should indeed become the conscious contexts of managerial thinking and managerial practice. To inquire into the presuppositions of a given management practice and to question the basis of policy formulation and policy making is to become philosophically involved. To use results of this inquiry and this questioning as feedback for refining one's managerial practice and policy is to introduce philosophy into management theory and put it to action.

Second, there exists clearly a unity among art of management, science of management and philosophy of management. On the empirical operational level, management is an art besides being a technique.[4] On the systematic and organizational level, management is a science requiring scientific knowledge of the object, subject matter and objective of the management. Finally, on the strategic and planning level, management cannot but be a philosophy which involves critical thinking as well as an insightful understanding of man, reality and culture. But as a practical enterprise, management should be a mixing of art, science and philosophy. A good manager should make an effort to integrate the three into a well-blended unity in order to achieve maximum consistency, efficiency and potency.

We may represent the above mentioned points in the following diagram:

Management studies	empirical —— cultural and axiological	Management Applications
	theoretical —— philosophical	

2. Management Practice and Management Theory: Two Polarities

Even though there are many types of management practices and many types of management theories, all these types fall into a continuum with two polarities. Hence, if we understand the two polarities of this continuum, we are able to characterize all other types of management practices and management theories based on these polarities. These two polarities can be respectively called "rationalistic" and "humanistic" management in practice and in theory. The essence of "rationalistic management" (RM) consists in applying "rationality" to management and the essence of "humanistic management" (HM) consists in applying "humanity" to management. Relative to our understanding of "ratioinality" and "humanity," it can be asked why I use these two terms in a contrastive way. Under normal circumstances we can regard "rationality" as the outstanding expression of "humanity" and "humanity" as the meaningful embodiment of "rationality." But in the tradition of Western rationalism, rationality in humanity was often stressed to the exclusion of humanity. Rationality becomes formalized into metaphysical or theological system and hence dominates in human thinking as the only worthy way of thinking. This is how Western classical rationalism was developed. Against the excessive domination of classical rationalism, Humanism in 15th Century came into existence as a reaction and an opposition. Humanism stresses the importance of independence of natural individual person. Humanism soon became the new springboard for modern rationalism in which rationality assumes a new role in the form of science. The purpose of science in to know nature and control it. But science is made possible by the individual modern man who know nothing about totality of reality, but who with his bare will to survive discover that intelligence, intellect and knowledge are effective weapons for achieving the goals of life-survival. Science hence conceived as an intellectual and intelligent method of knowledge and control can be therefore said to be the very essence of modern rationality.

With this understanding of rationality, rationlity by nature will have to investigate humanity as a scientific object and consequently subject it to scientific control. This is a process of scientific rationalization of humanity. Unfortunatelly, this process of scientific rationalization is at the same time a process of dehumanization. This is what happened to humanity in the 20th century. Hence, when we use the term "rationalistic management", we mean by it the effort to manage by way of scientific understanding and technological control. In fact, the present day meaning of "management" seems to gradually merge into the meaning of scientific understanding and technological control, of which man and things are equally treated as objects.

In contrast with the rationalistic management, "humanistic management" recognizes the whole person and the whole humanity as a complex of many functions which includes the rational function but is not confined to the rational function. Man has intuition, imagination, memory, feelings and other faculties, each of which has a role to play and none should dominate. In management, one should pay attention to all functions and all faculties of man and one should recognize the contribution and place of each toward planning, deci-

sion making, organization and leadership. In other words, one should manage not simply by rationality, but by feelings, intuition, memory and imagination. This means that one should recognize the usefulness of these various functions in management, and regards the objects of management as not simply objects, but as subjects with their various functions and facilities, deserving consideration in light of this.

The interesting fact about humanistic management is that the principle of humanity or humanism which is its essence is never fully and consistently followed through either as a trend or an individualistic effort. With the early descovery of reason or rationality in the West as a tool, humanity, the master, has been always threatened with the enslavement by rationality, the slave: the tool in service of satisfying a goal finally dominates over the goal. Humanity became eventually eroded by rationality and degenerated or disintegranted into a passive and patient apathy and helplessness. It became dominated by a single impulse to control and loses its initiative to create and act as a whold. We may suggest that the weakness of "humanistic management" in the West is due to the weakness of humanism as an integral tradition. Classical humanism was later dominated by a theological rationalism, modern humanism was later dominated by scientific rationalism. Perhaps there is an inherent weakness in the humanistic tradition in the West: Humanism conceived humanity as either needing a theological foundation or needing a scientific foundation or having no foundation at all. The West failed to develop a strong basis for understanding man and his nature. Hence when we speak today of the "humanistic management" versus the "rationalistic management," we only identify the latter with the Western tradition of management. The former, on the other hand, we can identify more or less with the tradition of management in East Asia, particularly in the form of Chinese and Japanese management as discovered or would be discovered by the contemporary West.

3. RM versus HM: Five Characteristics

In the following I shall describe five characteristics of the "rationalistic management." Likewise I shall also describe five characteristics of the "humanistic management." The five characteristics of the "rationalistic management" are "abstractionism," "objectivism," "mechanism," "dualism," and "absolutism." In the first place, "abstractionism" refers to the conceptualizing way of thinking which abstract ideas and concpets from concrete situations and affairs, and impose abstract conceptual principles and structures on concrete situations and affairs. Abstractionism as a way of thinking has its strengths in making definitions and formulating models both of which are needed for developing scientific knowledge. But when abstractionism became divorced from concrete experiences and concrete reality, it elapses into a priori and static thinking which lacks openness, dynananism and relevance. It hence causes rigidity in making decisions and emptiness in forming policies. A good example of abstract thinking in management is thinking in terms of statistics of quantities and numbers. But when decisions and planning are made only in light of quantities and numbers, they will not tally much with the real world of change.[5] The fact is that quantities and mumbers are too abstract to catch all important aspects of reality. Similarly, when one used general systems theory

to solve a particularistic problem of management, one will run the similar risk of failure to represent reality.

The second characteristic of RM – objectivism – is such that all things are perceived and consdiered as objects independent of and separable from the inquiring mind. Classical physics is formulated in terms of this principle of objectivism. In applying objectivism to management, we can achieve the scientific detachedness in understanding things and in making objective judgements about things. But the validity of this principle however is limited. Objectivism often leads into an atomistic thinking and hence is blind to wholes and relations. Yet the world is not simply a sum of stationary individual things. Hence we have to think in terms of non-objects in the sense of non-atomistic relationships and processes. Objectivist view also tends to ignore the participation of will, feelings and the subject as a whole. Hence it leads again to rigidity and partiality in planning and decision making without even being able to become critically conscious of its own limitations.

The third trait of RM – mechanism – can be derived from the first two traits. The world is seen as a system of objects governed by laws which will remain unchanging and unchangeable in time. The world has its order in hierarchical organization which is artificially built, and kept in motion externally. A mechanistic system is a construction from abstract thinking in logic and mathematics which is either objectified in formal structures or objectified in physical structures. Hence the mechanistic view of the world will not be able to represent reality as it embodies already the unrealistic tenets of abstrationism and objectivism.

The fourth trait of RM – dualism – is hereby understood primarily as a value-orientation and a value judgement. As RM defines (as it were) rationality in terms of abstract/objectifying/mechanical thinking, it will necessarily regard a non-abstract, non objectifying and non-mechanical way of seeing things as non-rational or even irrational. In fact RM would not be able to recognize any value of the non-abstract, non-objectifying and non-mechanical ways of viewing things. The holistic natures of things are blocked from view by the rationalistic view. Hence there comes into being the distinction between primary qualities and secondary qualities, the distinction between reason and intuition, and the distinction between the objective and the subjective. These distinctions are not simply distinctions of reality but those of values for preference and for rejection. The result of dualistic thinking therefore leads to close-mindedness of management and blindness to the totality of reality and conseqent inefficiency and inability of adjustment to change.

Finally, the last trait of RM, absolutism, characterizes the deductive, linear, and one-way nature of managerial control. The power of managing is seen as coming an echelon of managers in a streamlined channel of command. The top man in the management chain is the absolute "boss" who decides, forecasts and leads everything without interaction with the whold system, nor with active feedback from different levels of the system. This is to say that the top-manager may not make his observations about the system before making his decisions. This is to say that he doesn not encourage interaction and participation as a way of thinking. He has the absolute decision making power concentrated and centralized in his own hand or brain. Everyone else can be

said to be his agents for carrying out his policies. This is absolutism of control which also can be called "bossism." The model for absoluism of control or "bossism" is military command, and the management in the absolutist mode is hence highly military in nature: always on alert, always aggressive (at least potentially), and always hierarchically organized for specific job or mission. This exaplins how RM always regards growth and expansion as continously and constantly necessary lest the management will fall into disarray.

The five characteristics of RM reinforce each other and contribute to making RM a very distinguished way of modern and contemporary way of management as one sees in many and perhaps most big companies in U.S.A. There should be no denial that RM has its merits and has succeeded in founding many big enterprises. It is the success of production-based economy and capital-based economy. However, as society becomes more open, communication more integrated, and at the same time buying linterests more specified, economy also become more market-based and society-based. The RM therefore comes to meet its limitations and begins to show its weaknesses in becoming less and less competitive. Hence in management studies a wave of criticism of RM come into existence. A recent work by Thomas Peters and Robert Waterman provides a good example. In their book In Search of Excellence: Lessons from America's Better Run Companies (1983), New York, they describe the rise and fall of the rational model and point out the wrong-headedness of hard-head rationality. They characterize the narrow view of RM as (1) Big is necessarily better; (2) cost is most important in juding a products viability; (3) analyze, plan and forecast; (4) do rigid long-range planning; (5) balancing portfolio is more important than implementation; (6) control everything by writing down long job descriptions for matrix structure toward production; (7) get incentives for the top performers only; (8) inspect to control quality; (9) manage everything by reading financial statement; (10) good income guarantees marketplace; (11) maintain growth even by buying industries you don't understand. The shortcomings of this view are: (1) Scope narrowed and issues reduced; (2) living elements of situation left out; (3) insight from experience ignored; (4) No value for experimentation and flexibility; (5) informality excluded; (6) denigrated real values and culture.[6] With this background understanding, the studies of and advocacy for the opposite polarity in the form of humanistic management can become more and more significant.

To understand HM, we must see the opposite and contray qualities of the five characteristics of RM as have been described above. The five characteristics of HM are as follows.

1. Concretism
2. Subjectivism
3. Organicism
4. Holism or non-dualism
5. Realitivism or non-absolutism

These characteristics of HM can be respectively contrasted with characteristics of RM. Each of this characteristics derives its primary meaning from negation of the opposite RM characteristic as well as from paying attention to what is negated by the opposite RM characteristic. As RM negates human-

ity iin concrete reality and humanity as a subject with various non-rational functions, <u>HM</u> stresses dealing with concrete persons as a way of managing. It explores into as well as relies on various non-rational functions of man (such as feeling and memory) as resources of control and communication. This is concretism and subjectivism in the tradition of <u>HM</u>. One of course has to recognize different possible ways of formulating a conception of humanity or human nature apart from the Aristotelian (classical rationalism) and scientific rationalism. For example, there could be a Freudian approach to humanity or a Maslow approach to humanity. Hence we need not speak of just one tradition of <u>HM</u> and will not treat <u>HM</u> as a closed and fully developed system. In the like manner we don't regard <u>HM</u> as completed system either.

As to the organismic characteristic of <u>HM</u>, we wish only to stress one basic view from <u>HM</u> that there are far more complex laws governing things in the social-economic world and far more complex variables governing human behavior than a mechanistic model allows. The model for characterizing human behavior should not be a machine but a living token of a biological species. Hence when Bertalanffy first proposed the general systems theory be specifically mentioned biological system or a living organism as the object for such a theory.[7] Apparently, we would introduce different grades of organicity for defining different types of organism. Here we may conceive <u>HM</u> as operating on the minimal level of biological organism which cannot be reduced to a mechanical system. The non-dualistic characteristic of <u>HM</u> consists in reorganizing varieties of human functions in human nature and not setting apart ratinality from whole humanity. Hence we call this characteristic holism. But as to how to integrate all functions of humanity into a unity, it can often remain a problem. Very often and in practice <u>HM</u> becomes simply involved with a trait of humanity other than rationality as the determining factor for decision making and planning. Here we have as examples the stress on hunch, intuitions, and other psychological or experiential godgets or ploys provided chiefly by contemporary behavioral psychologists.

Finally, with regard to the relativistic characteristic of <u>HM</u> it is clear that <u>HM</u> does not adopt the absolute "bossism" of <u>RM</u> and pays more respect to autonomy of other persons and their free wills. In practice the <u>HM</u> managers would not place absolute confidence in his decision without consulting more people around him. He is more interested in interaction than in obedience. He is also more open to change and suggestion of adjustment than managers of <u>RM</u>. As he sees many factors as determining forces of a policy, he is more an intuitivist than a deductivist. Of course, the shortcoming of such a mental and comceptional framework is the actual tendency toward overmuch flexibility and lack of persistence on principle. <u>HM</u> managers hance can be more easily taken advantage of and become more vulnerable to his subordinates than his <u>RM</u> counterpart.

From the above characterization of <u>RM</u>, it is clear that <u>HM</u> as I intend to show here, stands on the other polarity of the continuum of management practice and management theory. It need not to be seen as necessarily a better form of management than <u>RM</u>. In particular, existing <u>HM</u> practice indeed cannot claim to be in perfect form. Because of ambiguity of its formulation and because of its limited experience, it must be recognized that it has been

indeed very often subject to abuse and misuse.

Inquiring into the Western history of management practice and management theory, it is clear that all or nearly all Western management practices, have led to the formulation of corresponding management theories. There is no management theory which is not a reflection of a success ful management practice at one time or another. There is also none which is not rationalistic in orientation as well as in full workout of the theory. In fact, the major incentive for such practice and theory is rational control. To begin with, one sees the scientific management theory as proposed by Frederich W. Taylor (The Principles of Scientific Management, New York, 1911) as a typical example of RM. The stress on job design for production control and material reward for worker control embodies rationality and will to conquer in the best form. The motif of scientific management was later elaborated on and in the classical administrative theory of Henry Fayol (Industrial and General Administration, London, 1930) and others. The wole purpose of this theory is to develop more efficient control of production and worker by more rational control of organization in terms of control of its parts. The underlying supposition of such a theory instantiates clearly the abstracticism, objectivism and mechanism, dualism and absolutism of RM. The theory becomes indeed the groundstone for organization theory of Western management. It also further reinforces the view of rational man as an economical man conditioned by reward and punishment. In the late thirties there developed in U.S. the human relations school based on behavioral observations.[8]

This theory complemented the earlier theories by introducing considerations of social norms and social rewards. But it is still a rationalistic management theory in so far as it sees management as a rational skill to apply our objective knowledge of man for minimal cost and maximum profit. Human relations was utilized as a technique of control rather than appreciated for its own value. After forties, one see the use of behavior sciences in U.S. which continue to today. Although new management practices and new management theories are later developed (see for example A.H. Maslow, Theory, Motivation & Personality, New York, 1986), they do not essentially go beyond the RM framework and RM methodology. In fact, they tend to reinforce the framework and methodology of RM by incorporating more psychological, anthropological and sociological information as knowledge of the human worker for rational organization and rational control. But the new knowledge does have a softening effect: it raises the consciouness of a need for a more flexible, more organic approach to managing people. Effort for job enlargement is a prime result: even Maslow's self-actualization man model can be rationally universalized. One need to see the uses of such a model relative to different people, different times and different jobs. [9] The conclusion we draw from this overview of Western management practice and management and theory is that RM dominates and characterizes the tradition of Western management.

To contrast with the Western tradition of RM, we may mention HM as exemplified primarily and intensively in the Eastern management tradition of Japan and China. It is clear that Japanese is able to utilize the humanistic philosophy in their history for the industrial management in modern period

since Meiji restoration. It is well-known that the successful and fruitful utilization of humanistic philosophy in the Japanese management has produced the well-known phenomenal success of economical development of Japan since the World War II. Hence the humanistic management of Japan known as Japanese management has prompted many Western scholars to speculate on its theoretical foundation and formulation. It becomes more and more clear that Japanese management derive its major strength from <u>Analects</u> and other works of Confucian and Neo-Confucian tradition as was introduced to Japan centuries ago. Hence one may finally trace the Japanese management theory to the humanisitic philosophy of Confucianism.

It should be noted that in the last twenty years both Taiwan and South Korea, and both Hong Kong and Singapore, have made successful economic development possible on the basis of a Confucian ethics background. Hence we could generally speak of the <u>HM</u> as characterizing and representing the larger East Asian tradition of management practice and management theory as derived from the Chinese tradition. Even though today's mainland China does not conscientiously explored the rich <u>HM</u> tradition in history, Taiwan as a more and more growingly industrialized country has moved toward a recognition of Chinese management as a tradition from past and as a norm toward future.[10] The following "C" Theory is intended to explore the <u>HM</u> tradition in the earlier origins of classical Chinese philosophy of Confucius and the philosophy of the <u>I Ching</u> and to formulate the <u>HM</u> explicitly in light of a modern understanding of management theory and modern requirements for management practice.

As a concluding remark on this section, we may suggest that the <u>X</u> Theory suggested by D. McGregor represents the <u>RM</u> tradition of the West, whereas his <u>Y</u> Theory represents the <u>HM</u> in tradition of the East.[11] Similarly, we may suggest that the <u>A</u> Theory of William Ouchi represents the <u>RM</u> tradition of the West, whereas his <u>Z</u> theory represents the <u>HM</u> tradition of the East. Our task of proposing and constructing a "<u>C</u>" theory will amount to integrating both the <u>RM</u> of the West and the <u>HM</u> of the East, and hence both the <u>X</u> theory and <u>Y</u> theory on the one hand, and both the <u>A</u> theory and the <u>Z</u> theory on the other, in the context of Chinese humanistic philosophy.

4. The "<u>C</u>" Principle and the "<u>C</u>" Theory

Given the constructive polarities of <u>RM</u> and <u>HM</u>, it is natural to raise the questions of their integration. This question of integration is different from the question on how they are actually related. As has been pointed out, <u>RM</u> and <u>HM</u> are actually related in a continuum of positions. In fact, they merely represent and symbolize two extremes in a continuum. An actual position may not be an exact embodiment of a polarity. Theoretically, this could be as many different position s in the continuum. The question of integration we raise here is one of combining the two polarities in an actual unity without inconsistency and yet serving a higher purpose, namely the purpose of embodying the merits of both polarities at the same time relative to an understanding of man and reality. An answer to this question hence requires the following conditions: 1) Recognizing the unity of the two polarities, not only the continuum between

them; 2) eliminating the weaknesses of both polarities but preserving their strengths; 3) making this unity of the two serve a higher purpose. These conditions can be thus said to be the conditions of integration of the two polarities. In order to satisfy these conditions, we need to develop a point of view for understanding the nature of man and the nature of reason. We need to achieve a sense of value and a criterion of adequacy, according to which correct judgement can be made. We need further develop a theory of system and a way of thinking for applying our understanding of man and reason. Finally, we need to show how specifically our systems theory enables us to make decisions and to relate to all major works of management.

We will call the integrative theory of two polarities the "C" theory. The "C" theory hence contains the integration of two polarities, the statement of a criterion of adequacy and its justification, a view on reality in the form of a system, a way of relating man and the world, and thus a way of thinking. The criterion of adequacy for unifying the two polarities will be called the "C" principle on the basis of which the integration of HM and RM can be actually carried out and practiced.

The integration of Rationality and Humanity consists in the following unities:
1. unity of abstractionism and concretism
2. unity of objectivism and subjectivism
3. unity of mechanism and organicism
4. unity of dualism and non-dualism
5. unity of absolutism and relativism

The unities here are intended to represent a certain fusion and blending of the polarities in a totality and wholeness of understanding and practice. The principle of fusion and blending is to establish certain inter-active and interdependent relationship between the two so that each polarity becomes conditioned and complemented by the other. Hence the unity, fusion and blending can be expressed by paradigms of interdependence, interpenetration, interaction, inter-motivation, mutual complementation and mutual generation, mutual enhancement and mutual transformation, common grounding, common growth, common sharing and common contribution of the I Ching.[12] The three types of relationships – the internnexx, mutuality and commonness enable the two polarities to form a unified whole which will be more than the sum of the polarities, and which will contribute to the development of each polarity as well as transform the relationship of the polarities into creative powers. In other words, the unity thus achieved will be a creative unity, a unity in the process of creative production, and hence can be made to do the creative work for creative purpose. Not only the weakness of each polarity will be eliminated, but strength of each will be strengthened so that a higher and larger purpose of management will be achievecd.

Thus, the unity of abstractism and concretism is to embed abstract thinking is concrete contexts and let the concrete modify, embed, revise, and correct the abdstract. Similarly, we can start with concrete thinking and let the abstract logic modify, revise and correct the concrete. What is essential here in that we should not be obsessed with one way of thinking, seeing andf evaluating. We should develop and utilize two parallel ways of thinking, seeing, and

evaluating[13] to the point that the two parallels become one in a dynamical relationship and creative unity of internness, mutuality and commonness. Thus we can speak of concretized abstractism, as well as abstractized concretism. Similarly, we can fuse and integrate objectivism and subjectivism in a dynamical interactive process for creative application. We will have subjectivized objectivism - to make object for subject use, but not to reduce subject to object, to explore subject as creative source to complement objectification of things, but not to let either object or subject dominate in a fixed manner. Even domination has to be seen in a context of unity for a creative purpose. Hence domination must be flexible and relative to the unity and creative purpose. We will have to objectivize subjectivism for organizing and regulating people, but not to forget that individual persosns have potential of initial-taking at relevant times in relevant positions. The potential should be adequately explored in even in an objectivist organization framework.

As to the fusion of mechanism and organism, we must recognize the mutual encircling principle: a mechanical system is either contained as a sub-system of a larger non-mechanical system or contains a smaller non-mechanical sub-system as a part. Mechanism is basically conceived and designed as humanly managable and manipulable. When the system becomes enlarged (which is inevitable) or constracted above or below than the humanly manageable or manipulable level, the system can become non-mechanical or organismic. In othuer words, a mechanistic system can contain organismic system as a sub-system. It can be also contained as a sub-system in a large organismic system. Hence to mechanize is to limit oneself to a view of a system on a medium level. To mechanize is also to restrict the system to a certain aspect of operation. The unity of mechanism and organicism requires one to recognize the interpenetration of both and utilize each both in a larger sense of system which embodies both. This is like in the case of wavi-particular theory. Light: light is both wave and particle, and will realize itself as wave or particle under relevant conditions. One may also suggest that even in the case of medium level, there always exists organismic aspect side by side with the mechanical aspect. Similarly, one may also explore into the mechanical aspect in an overt system of organicity. To fuse mechanism and organicism is to see and to utilize a system as both mechanistic and organismic and under relevant conditions. Those conditions are to be discovered or introduced relative to an understanding of the creative relationship of the two in reality. In general, we should see the mechanical as the static aspect of a system and the organismic as the dynamic aspect of a system. Modern physics has come to see organismic process and network relationship in a structure initially definned by mechanical laws. But modern biology or psychology still tend to formulate mechanical laws or statistical structural relationship in the process reality of biological growth and human psychological development.

Regarding the unity of dualism and non-dualism, we need only point out that if polarities become fused in a creative unity, then there will be no dualism nor non-dualism. There will be only a unity-of-polarities way of evaluating, judging and acting. This way of evaluating, judging and acting will not introduce absolute and context-free distinctions of values. The rational is generally regarded as useful and effective, but why the non-rational be not regarded as

equally useful and effective under proper conditions? Rational approach or approach based on rationality is worthwhile, but non-rational human approach, approach based on total human consideration, can be equally worthwhile. In fact, one can see deeply organized human approach can be rational in a deeper sense. Hence, as the distinction between the rational and the nonrational or the human breaks down, our concepts of value and ways of evaluation would also become more dynamical and more open as well. Potentiality for discovering and developing better values will take place. This will be the final goal for integrating dualism and non-dualism.

Finally, the unity of absolutism and relativism signifies that any given point of authority and line of rationality will relativize itself to a whole system of interrelations and hence become flexibles in time. The deductive enforcement of power and control and the inductive rally of support and trust are equally important and can be maintained only relative to each other. This is the feedback principle in conjunction with the principle of human adjustment. Consistent with what has been said earlier, control by way of command can be less efficient than spontaneity of mutual support in a whole system. But a sense of wholeness in a system or a sense of belonging to a whole system must be developed in the first place. No single absolute command or single-time participation from the top authority is sufficient. A continuous engagement of the authority with different levels of organization must be encouraged and maintained. Hence absolutism will be relativized and relativism will be absolutized. In terms of Chinese management paradigm, the law (fa), reason (li) and feelings (ch'ing) must be all taken account of in an organized rational as well a total human fashion. Law/reason/feelings are not simply norms to be conformed to, but are ways of activation, interaction, persuasion and influence in the actual process of making, transmitting and carrying out decisions and policies.

In the above, we have delineated how integration of RM and HM could take place and hence how the five unities could be created. What we have done is to demonstrate in essence how rationality and humanity can be fused and integrated. As rationality is indigenously a part of humanity, and grows out of humanity, we must use rationality to serve the purpose of humanity, not destroying humanity instead. We must also encourage rationality to be nourished from humanity just as humanity must nourish itself from rationality.. The interanimation between rationality and humanity is originally given in human existence, but has been unfortunatelly artificially or forcedly broken. But this bond of interanimation must be restored so that a more active and more conscious interaction between the two can be developed. In order to make this possible, one has to see humanity not as static just as one has to see rationality not as unchanging. Humanity has to be enlarged to comprise the whole mankind, which should cover mankind of the past, of mankind of today, and of mankind of the future. Humanity should not be understood on the level of individual alone. This understanding must elevate to the level of human community, human nation and human world. Even at the level of human individual, there is a dimension of humanity which pénetrates to the whole existence and whole rationality of man.

Man is rooted in a larger system and larger process of reality and is capa-

ble of participating in the creative advancement of the larger system and larger
process and making his contributions worthy of himself. This is expressed by
the Chiness philosophical proposition "heaven-and-man-become-one" (ti'en-
jen-ho-yi). In the same token, one can see rationality or reason as having an
evolutionary nature. In fact, one must see reason or rationality as involved
in a process of growth and transformation. Classical concept of rationally
can no longer conform to our understanding of man and world, even mod-
ern concept of rationality which preserve the best part of classical rationality
has to face challenge of human need for creativity and becomes transformed
into something larger and more dynamical.[14] In light of this larger concept of
rationality, it is clear that rationality must be humanized, rather than dehu-
manized, and that reason must be developed into pluralistic systems which
can eventually harmonize with each other in a larger organic unity of whole
based on the wholeness of humanity. This is of course not to say that rational-
ity in the most-modern sense may not still contains the best part of modern
rationality and the best part of classical rationality as well. The bad elements
of rationality, whether modern or classical, must be weeded out in a process
of transformation of reason in humanity. With the transformation of reason
comes the enlightenment and enlargement of humanity as well.

The interpenetration, mutal transformation and common enrichment re-
lationship between rationality and humanity is what underlie the unities of
the five characteristics of RM and HM, and thus make these unities possible.
With this understanding, we can now represent the integration of RM and HM
as follows:

Integration of RM and HM Humanization of rationality and rationaliza-
tion of humanity:

1. Abstractized concretism and concretized abstractism
2. Objectivized subjectivism and subjectivized objectivism
3. Mechanized organicism and organicized mechanism
4. Polarized nondualism and unified dualism
5. Absolutized relativism and relativized absolutism

From the discussion above, it is clear that the integrating principle for all
these unities is a creative fusion of polarities into a whole system and a creative
understanding of the timely use of such a whole system to a specific situation,
in which each polarity or the combination of degrees of both polarities will
achieve maximum and approrpriate efficiency. This integrating principle is
precisely the "C" principle for the "C" theory, where the "C" theory stands for
the actual integration of rationality and humanity in a theoretical framework
as indicated above.

The key concept for the "C" principle and consequently for the "C" theory
are whole system or wholeness of a system and timely application (use) of the
whole system or the wholeness of a system. It is clear that it is the wholeness
of a system which provides the unity and integration and it is the timeliness
of application of a whole system which provides the relevance and flexibility
of practical use. In other words, the "C" theory as a management theory
requires the creation of a whole system of polarities and a timely use of such
a system. When such timely use of a whyole system takes place, then the
practice of "C" theory becomes possible. The "C" theory would therefore

provides both an theoretical understanding of man and reality, rationality and humanity for management as well as generate a norm or normative guide for practical activities of management. The "C" principle can be formulated as the principle of creating a whole system for timely use as well as the principle of timely use of a whole system.

The concept of a whole system or the wholeness of a system presupposes an understanding of reality of the universe in which man is an integral part. This understanding of reality in effect corresponds to a philosophical understanding of the tao (the way) in classical Chinese philosophy. Specifically, we see Chinese philosophy in the writings of the I Ching, and Confucius, Lao Tzu and Chuang Tzu as providing an conception and understanding of reality from which the whole system concept can be derived. As we have seen, the whole system is in fact a system suggested by the concept of the tao. We may say that the tao is a whole system in perfection, which is infinite in content, creatively transformative and consequently comprises different levels, whereas a whole system is a discovery of the tao in a given framework or situation/context. We can describe such a system as based on our understanding of the tao. It is clear that all contrastive polarities can be conceived as the basic polarities of yin and yang in the tao. Whereas the tao concept captures the process aspect of the whole system, the term "t'ai-chi" (the Great Ultimate) from the Hsi Tzu of the I Ching captures the aspect of the source and structure of generation of the whole system. Hence the whole system concept can be finally adequately represented by our concept of the tao and that of the t'ai-chi. Finally, the more we understand the tao and the t'ai-chi, the more we will understand the whole system and the more we will understand how the whole system is generated or created.

The concept of "timely use" is also derived from the I Ching which is reinforced in the Analects and the Chung Yung. The basic content of the concept of "timely use" (shih-chung) is such that we must see that a decision, a policy and an action must be made to fit in a concrete situation in light of our own understanding of the situation as a whole system or as belonging to a whole system. "Timely use" presupposes understanding the whole system in terms of time and transformation in time. It presupposes creative participation of a decision maker in the temporal process of chang for the purpose of bringing out potentiality in a whole system and consequently bringing out a new whole system. The "C" principle thus understood can be thoroughly based on the philosophy of time and timeliness in the philosophy of the I Ching. With the "C" principle thus understood, we can also develop the "C" theory in terms of a theory of a whole system based on the philosophy of the I Ching, in terms of a theory of understanding of the whole system for management and dicision making and in terms of a theory of the timely use of the whole system. Together with the above theory of integration of RM and the HM, the "C" theory has therefore the following component sub-theories plus "C" principle
  1. Theory of integration of RM (rationality) and HM (humanity)
  2. Theory of whole systems
  3. Theory of understanding of whole systems for management and decision making

4. Theory of timely use of whole systems
5. The "C" principle of timely use of whole systems.

The "C" in the "C" principle and the "C" theory is intended to stand for "creativity" (sheng) and centrality (chung) in Chinese philosophy and hence is intended to suggest its theoretical foundation and historical roots in the tradition of Chinese philosophy. The "C" also suggests the meaning of change and coordination. Creativity (sheng) makes the understanding of a whole system possible, for a whole system is no less than a system of creativity - creative relating, creative transformation and creative growth. Creativity is found in both rationality and humanity of man. It is as creative product of the universal whole system of the tao and the t'ai-chi that humanity and rationality come into being. It will be through creative agency and energy of the tao and the t'ai-chi humanity and rationality will be further creatively transformed. Creativity also means man's creative participation in the formation of a whole system and in the transformation of such a system by way of its timely use. For management and decision making, creativity means insightful grasp of a whole system and timely use of it toward higher purpose. Hence creativity is presupposed in our conception of a whole system and its timely use.

Centrality (chung) suggests the starting point for creativity, a starting point for creative formation and transformation of a whole system as well as a starting point of a timely creative use of such system and its forming and transforming process. Whereas creativity suggests the existence of dynamical creativity, centrality suggests the existence of a stable structure. In fact, centrality is the creative agency of a whole system which is seen also as maintaining the stability of the system. Centrality is not simply the middle point or half-way house of two polarities, but instead the focal point and the Archimedian point of the polarities in a total well-balanced whole system. Hence centrality means the creative potentiality of a system as well as the point of the correct and timely use of the system. It measures human individual's ability to produce both balance and dynamism (creativity) in a system and for a system. Centrality hence, as the Chung Yung says, is the foundation for harmony and harmonization in a system. For it is only on the basis of centrality that harmony and harmonization of various polarities in a system can be produced and maintained. Centrality can be thus conceived as the condition of creativity for a system, of a system as well as in a system.

For management and decision making, reach for centrality in a system is to reach for a point where creativity is possible and timely use become natural. In order to reach for this, one has to reach for the whole system and its source. Centrality in this sense is ultimately no more than the tao or t'ai-chi in its fulfillment of creative functions. One who reaches centrality in a system occupies the center of the system and is capable of centralizing and centering on the pontentialities of the system for timely uses in concrete situations. He who is able to do this not only occupies a position for supreme management and ultimate decision making, but actually embodies the power to create a powerful management and a correct decision. Chung Tzu has said aptly: "If one acquires the center in a circle, one is able to respond to infinity".[15] This expresses the profound significance of creativity and centrality in the "C" principle and the "C" theory.

5. Timely Use of A Whole System: An Example for the "C" Theory and the "C" Principle

A good example of the application of the "C" principle and the development of a specific "C" theory can be found in the integration of the X theory and the Y theory on the one hand, and the A theory and the Z theory on the other hand. As has been indicated in the above, the X theory which would base management decisions on the assumption of human nature being selfish and bad typifies the thinking of RM, whereas the Y theory which would base management decisions on the assumption of human nature being trustworthy and good exemplifies the thinking of HM. That the X theory typifies thinking of RM is justified on the ground that all classical rational management theories such as Taylor's and Fayol's all believe that man is an economical animal whoese interest in work is reinforced only by economical reward. Maslow of course recognizes different levels of needs of man, yet at the base it is physiological needs which dominate. Contrast this theory of human nature with Mencius's theory of innate goodness of human nature. According to Mencius, even at the very elementary level of human survival, man can still exhibit moral feelings of self-respect and care for other inspite of threats against one's survival. Here, when we identify the X theory as an example of the RM, it is so identified as a matter of historical and factual observation. Theoretically, one compelling reason for seeing the X theory as belonging to the RM thinking is that the theory lend good reasons for rational control and RM is specified and designed toward rational control. In fact rationality is seen as a means of control.

Similarly, we also mention the A theory as exemplifying the RM thinking and the Z theory as exemplifying the HM thinking. As William Ouchi describes, the A theory which is mechanical in organization and linear in command communication is highly rationalistic in management theory and practice, and the Z theory which is based on team work, loose organization and decision by consensus and interaction is highly humanistic for a management theory and a management practice.[16]

Given the above understanding of the X theory and the Y theory on the one hand, and the A theory and the Z theory on the other, clearly it would be rational to apply A organization (in the A theory) to the X personnel (in the X theory) and to apply Z organization (in the Z theory) to the Y personnel (in the Y theory). This conclusion and only this conclusion would be justified from the point of view of RM, but this conclusion however would be a result of abstract, objective, mechanical, dualistic and absolutistic way of thinking of RM. It fails to take account of the concrete, subjective, organic, non-dualistic (totalistic) and realitive perspective in evaluating and applying the four theories. If we look into reality of man and human evolution, we can see a variety reasons and of possibilities for the application of the Z and Y theories on the one hand and application of the A and Z theories on the other under various conditions and in various contexts for various purposes and relative to various objectives. Besides, if we look into the potentiality of the human nature as a whole, we will

also gain insight into how human nature can be cultivated and transformed relative to different methods of training and control. There is simply no fixed-once-for-all rule for applying one type solution to one type of human nature. The C theory calls for holistic thinking to develop a whole system and to make timely use of the whole system relative to a specific goals. The consideration of the whole reality of human nature and human control and transformation also lead to the awakening of the C elements in the C principle and the C theory. A whole theory of man and a whole theory of organization can be developed. More importantly, a whole system of possibilities of applying organization to man under whole human nature assumptions can be developed, and a whole system of the timely use of such a system will also ensue as a result.

In the following diagram, I shall represent the possible uses of the organization theories of A and Z to human nature theories X and Y:

Human nature	X	Y
Organization		
A	AX	AY
Z	ZX	ZY

It is clear that AX and ZY can be rationalistically justified as have been done in the above. But could we also justify ZX and AY? The reply is positive in light of a whole theory of human conditions under which human organizations can apply to human nature. For ZX, we may see the possibility of inducing the bad and selfish into becoming good and trustworthy through use of trust and generosity. Similarly, for AY, we may see the possibility of deciplining the good and trustworthy into more organized productive force through the use of rational regimentation. All in all the four theory combinations not only represent our types of methods or approaches to specific goals, but also represent four types of goals or goal-settings for these approaches. These approaches and goals won't be understandable or even thinkable if we din't have a whole system of goals and a whole systems of methods and a whole system of the realization of different goals by different methods. Of course, here the comprehensive whole system is the one which incorporates all these whole systems as parts of one whole system. This is the "C" theory interpreted and developed in terms of "X", "Y", "A", "Z" theories. This is an example and an illustration of the function of a whole system and timely use based on the "C" principle and the "C" theory.

We may restate the above example of the "C" theory in terms of the whole system of the I Ching philosophy. We may first identify the "X" theory as speaking of the yin (dark) side of human beings, and the "Y" theory as speaking of the yang (bright) side of human beings. We may then identify the "A" theory as developing the harsh and firm (kang) way of dealing with people and the "Z" theory as developing the soft and tender (jou) way of dealing with people. Then the above diagram becomes one of the following:

Nature Way	Yin	Yang
Kang Jou	kang-yin Jou-yin	kang-yang jou-yang

From the diagram, it is clear that although kang-yin (harsh-dark) and jou-yang (soft-bright) harmonize very well, jou-yin (soft-dark) and kang-yang (harsh-bright) still serve a useful purpose and are needed for certain transformations. Thus in the framework of the whole system of the I Ching, we see natural goodness even coming out in pure yin (e.g. the 6-2 line of the Kun); one also sees the necessity of hard work in pure yang (e.g. the 9-3 line of the Ch'ien). The 6-2 line of Kun has the judgement: "Straight, square and large. even not learning, it meet advantages;" the 9-3 line of Ch'ien has the judgement: "The superior man works hard daily and has precautions in the evenings. Even though he is in danger, there is no blame for him." This so because the 6-2 occupies a central position, whereas the 9-3 occupies a non-central position.

References

1. I have divided management functions into seven such items rather than the traditional five items. See my article, "Seeking a Modernized Chinese Management Model" in Chung Kuo Lun Tai, September 1983.
2. See Herbert A. Simon, the Sciences of the Artificial, Cambridge, Massachusetts, MIT Press, 1969.
3. Cf. George T. Kline, Architecture of Systems Problem Solving, 1985, New. York.
4. The difference between art and technique is such that whereas technique can be automated, at least theoretically speaking, art can never be automated.
5. This fact has been already pointed out by Thomas J. Peters and Robert A. Waterman, Jr., in their book: In Search of Excellence: Lessons from America's Better Run Companies, 1983, New York.
6. See note 5.
7. Cf. L. von Bertalanffy, "Modern Theories of Development", tr. by J.H. Woodger, Oxford, 1934. In fact as gst cannot be considered a full-pledged theory, the gst has been more developed along the line of mathematical models than along the line of substantive biological systems.
8. Cf. E. Mayo, The Human Problems of Industrial Civilization, New York, 1933.
9. Cf. Tai K. Oh's good paper "History and Trends," in Industrial Management, Oct 1972, p.15.
10. See my first paper on Chinese Management in 1979, entitled, "The Universality and Particularity of a Concept of Management" in Economical Daily, October 2, 1979, Taipei, Taiwan.

11. See D. McGregor, the Human Side of Enterprise, New York 1960.
12. For understanding in detail the paradigms of the I Ching, see my article "On Transformation as Harmony, Paradigms from the Philosophy of the I Ching".
13. This is called "liang-hsing" (parallel movement) in Chi-wu-lun (Essay on equalizing all things) of Chuang Tzu.
14. This has been sometimes titles as "post-modern" rationality.
15. See Chung Tzu, Chi-wu-lun.
16. See William Ouchi, The Z Theory.