IS THE CONCEPT OF JUNZI MEASURABLE?

A CONSUMER PERSPECTIVE OF VIRTUE ETHICS IN CHINA

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Is the Concept of *Junzi* Measurable?
A consumer perspective of virtue ethics in China

Riding on the success of previous research in virtue ethics at the Chinese context that

the concept of *junzi* is embodied in *ren*, *yi*, and *li* (i.e. Confucian cardinal virtues) to

promote a high moral practice of firm in the course of business. To extend this line of

research work, these virtues are treated as the main factors of *junzi*. In other words,

junzi is conceptualized as a multidimensional construct that is to realize through *ren*,

yi and *li*. These cardinal virtues are said to technically share the common variances to

form the concept of *junzi* in a latent model. *Junzi* is not observable but appears in a

high-order factor and has three facets. As such, this conceptualization offers a content-

rich *Junzi* that is measurable. A sample consisted of 289 consumers was constructed to

verify this three-factor measurement model using structural equation modeling (SEM).

A reliable and valid measure to operationalize this highly abstract concept of *junzi* is

obtained. Results of this measurement model suggest that virtue ethics are applicable

to business corporations and are manageable.

"The noble man cares about virtue; the inferior man cares about material things. The noble man seeks discipline; the inferior man seeks favors".[1] (君子懷德、小人懷土。君子懷刑、小人懷惠。) (*Analects 4.11*)

Introduction

Confucian teaching always pays stress on one's virtues. Virtues such as *ren*, *yi* and *li* have been strongly disposed and influenced individual attitudes and behaviors in the daily life (Cua 2007). *Junzi* or noble man is portrayed by Confucius and his disciples to be a kind of morally good person upholding *ren*, *yi* and *li* to deal with others. *Junzi* is the model of virtues for Chinese to follow and learn to be a good man (Chan 2008). As a concept, *junzi* is not limited to the philosophical discussion in Chinese literature. Recently, many business and management research especially those in ethical studies featured of *junzi* (Cheung and King 2004; Ip 2009; Kwong et al. 2015; Romar 2002; Tian 2010). Confucian entrepreneur and *junzi* corporation are now widely applied in the industry. However, the concept of *junzi* remains abstract even though it has been the emerging topic of interests in business and management research for some time. It happens that the domain of *junzi* is not well specified and not fully operationalized. It is our purpose to extend this line of research by developing a measurement model of

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[1]All utterances in *Analects* reported in this article are translated by A. Charles Muller in *The Analects of Confucius*. Available at http://www.acmuller.net/con-dao/analects.html

Junzi. In other words, *junzi* is conceptualized as a multidimensional construct that is to realize through *ren*, *yi*, and *li*. These cardinal virtues are said to technically share the common variances to form the concept of *junzi* in a latent model (Law et al. 1998). *Junzi* is not observable but appears in a high-order factor and has three facets. As such, this conceptualization offers a content- rich *junzi* that is measurable.

In an attempt to test and verify the three-factor measurement model of *junzi* from a consumer perspective. This paper is organized as follows. It begins with a review on the literature of Confucian cardinal virtues (*ren*, *yi* and *li*). A conceptual model is then proposed to enter *ren*, *yi* and *li* as the underlying factors of *junzi*. Research methods and findings are presented next. The last section is to discuss and draw a conclusion for this study.

Virtue ethics and cardinal virtues

Virtue ethics is a human-based concept that places the focus of individual character in justifying human behaviors and moral reasoning. It represents a view that moral issue can be understood from the human side. It is not the action that an individual ought to do but the kind of person one ought to be (Koehn 1995). As is held by virtue ethicists, one's morality is reflected in his or her exhibited virtues. A morally good or excellent person acts virtuously and is identifiable (Trianosky 1990). Accordingly, virtue forms

the character of a person that closes to individual's internal values. It describes how a virtuous person is expected to act within a particular situation and community context (Whetstone 2001).

Virtue has its origins in the ancient China. It is the moral character of individuals. Confucius named it as *de*. Instead of using power and physical force, a person with *de* may influence others by his moral character that constitutes a psyche force (Graham 1989). A morally good person is able to attract admiration and invite imitation (Munro 1969).

Among all Confucian virtues, *ren*, *yi* and *li* are the cardinal virtues and relevant to all situations in a human life. They are the fundamental traits of individual's character that are deeply held by a morally good person (Cua 2007). In brief, *junzi* is the model of virtues and is embodiment of *ren, yi* and *li* (Chan 2008).

Ren

In *Analects*, Confucius taught his disciples that *ren* implies benevolence, humaneness and humanity (Cua 2007). *Ren* or good heart is embedded in a social relationship that signifies a compassion of one towards others and the society (Ip 2009). Mencius once remarked, *"...the superior man is distinguished from other men is what he preserves in his heart - namely, benevolence and propriety. The benevolent man loves others.*

The man of propriety shows respect to others. He who loves others is constantly loved by them. He who respects others is constantly respected by them". [2] (君子所以異於人者，以其存心也。君子以仁存心，以禮存心。仁者愛人，有禮者敬人。愛人者人恆愛之，敬人者人恆敬之。) (*Li Lou II 56*).

Hence, *ren* in a business context is interpreted as a kindness of corporation to its customers and stakeholders. A firm with good heart always seeks to fulfill customers' needs and protect their interests. It also tends to treat every stakeholder well and equal with love.

Yi

Yi means righteous behaviors and to act appropriately (Ip 2009). A person with *yi* will be very much careful to ensure his speech appropriate and avoid offending others. He dares to do the right things (Cua 2007). In a dialogue between Zi Luo and The Master, Confucius considered *yi* as a behavior *"...when you see an opportunity for advantage, think of what would be the right thing to do. Encountering danger, leave it up to destiny. When you can stay in difficulty for a long time, and not forget the words that have you have lived by, you can be regarded as a perfected man".* (見利思義、見危授命、久要不忘平生之言、亦可以爲成人矣。) (*Analects 14.12*).

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[2]All utterances in *Li Lou II* reported in this article are translated by James Legge in *Chinese Text Project*. Available at http://ctext.org/mengzi/li-lou-i

As such, *yi* in a business context is understood as upholding social responsibility because it is right thing. A firm with a *yi* attribute seeks to behave conscientiously and avoid making profit at the expense of the community. It is certainly a kind of socially conscientious company.

Li

In a strict sense, *li* is not a virtue itself but to observe *li* is a cardinal virtue (Ip 2009). *Li* is the observance of morally acceptable norms, rites and rules that promotes proper manners in public and private life. The essence of *li* is best illustrated in The Master's response to his first student Yan Yuan, *"do not watch what is improper; do not listen to what is improper; do not speak improperly and do not act improperly"*. (非禮勿視、非禮勿聽、非禮勿言、非禮勿動。) (*Analects 12.1*).

In a business context, li is best seen as internal guidelines and rules specifying the manners a firm ought to have in the course of business. These guidelines and rules are in general implicit. They can be the ones such as not to trick customers into spending and to grab every single cent of profit from customers. They prevent a firm to get into disputes with others and to resolve external problems incurred by a firm.

Conceptual model

The review of the literature on *junzi* and virtue ethics suggested that *ren*, *yi* and *li* are factors underlying the concept of *junzi*. Ip (2009) termed these virtues as mega-virtues that form *quande* to define a basic human morality (Cua 2007). These cardinal virtues are not identical but they do promote goodness to a certain extent. In other words, one can treat this goodness equivalent to *junzi*. Based on the nature of latent model, *junzi* is an overall representation of *ren*, *yi* and *li* (Law et al. 1998). As portrayed in Figure 1, *junzi i*s the latent commonality underlying *ren*, *yi* and *li*.

<< Insert Figure 1 about here >>

The concept of *junzi* is not directly observable. *Junzi* is held to be a higher-level construct that is to realize through *ren*, *yi* and *li*. Each makes up part of *junzi*. Under this conceptualization, *junzi* is proposed to be a multidimensional construct with three distinct yet sufficiently related virtues: *ren*, *yi* and *li*. A three-factor model of *junzi* was then constructed and tested in this study.

Research methods

Data was collected in a summer time of 2014. It was a part of the large scale, ongoing

research project spearheaded by a private institution in Hong Kong on business ethics and Confucianism. Students of this institution were recruited to administer the survey. As this study is about virtues ethics in a Chinese business context, they were asked to intercept adult Chinese in shopping centres and main avenues of Hong Kong. Indeed, many studies on Chinese cultural values and business ethics were conducted in Hong Kong (Kwong et al. 2015; Ramasamy et al. 2010). All respondents are able to speak Cantonese and read Chinese.

A quota sampling was used to minimize interviewer bias in approaching qualified respondents. Hence, the sample was constructed to mirror the age distribution of adult population in Hong Kong. As a measure to uphold data quality, an on-site supervision was given to support data collection. A usable sample of 289 consumers was obtained to test and verify the measurement model of *junzi*. In brief, the sample characteristics were comparable to the government figures (Census and Statistics Department 2012). These respondents shared their views on 13 selected corporations from four industries. These industries cover a wide range of business activities in Hong Kong such as food, catering, supermarket and retail. Table 1 gives the number of respondents and firms in each sampled industry.

<< Insert Table 1 about here >>

A survey instrument was developed to contain a pool of scale-typed items on *ren*,

yi and *li*, which are adopted from *Analects* and past research to measure the concept of

Junzi (Cua 2007; Kwong et al. 2015; Tian 2010; Tse 2011). A full description of these

mega-virtues associated with their sampled items in the survey is presented in Table 2.

Ren, for example, emphasizes benevolence and love (*Li Lou II 56*). The essence of *ren*

rests on one's heart. Accordingly, *ren* is represented by items including *"regards one's*

stakeholders as one's family". *Yi* means righteousness (*Analects 14.12*). A sampled *yi*

item is *"upholds social responsibility at all cost even in time of economic recession"*.

Li is about propriety (*Analects 12.1*). *"Never tricks customers into spending"* belongs

to a *li* item. Each respondent was asked to state the level of agreements on these items

based on his or her own perception towards a selected corporation.

<< Insert Table 2 about here >>

Survey results

We began with a data cleaning and coding prior to the performance of statistical tests.

On a 7-point scale, the mean score of *ren*, *yi* and *li* is 4.53, 4.48 and 4.44 respectively.

These scores were close and demonstrated a reasonable variation in terms of standard

deviation from 1.06 to 1.17. Next was to test and verify the three-factor measurement

model of *junzi* by the procedures of confirmatory factor analysis (CFA) in SEM. CFA

is to thoroughly examine the proposed factor structure in a restricted without rotation manner (van Prooijen and van der Kloot 2001).

Using a maximum likelihood estimation method, *ren*, *yi* and *li* that are conceived to represent *junzi* and their constituent items were specified for the full assessment of model fit. In brief, a good model fit indicates that the proposed three-factor model (i.e. *ren*, *yi* and *li*) is adequately represented by the empirical data and can then be used for explaining a phenomenon in the real world (Iacobucci 2009, 2010; Kline 2005).

Conventional fit indices were computed to evaluate the overall fitness of *ren*, *yi* and *li* that form the measurement model of *junzi*. All fit indices passed the thresholds that gave strong support to the proposed three-factor measurement model. This model is able to capture the data. No respecification is needed (χ^2/df = 2.242, RMSEA = .079, CFI = .963, NNFI = .954). *Ren*, *yi* and *li* are verified as factors underlying the concept of *Junzi*.

Table 3 provided the parameter estimation of items in their prescribed factor. All estimations were significant at the 0.001 level. Furthermore, there was no excessively large or small standard error (.046-.069) indicating that each parameter in this model is reasonably estimated. All parameters were interpretable (Kline 2005). At the factor level, the corresponding items in *ren*, *yi* and *li* produced a large composite reliability (CR) that exceeds .7. This large CR suggests a high internal consistency among items

in each factor (Nunnally and Bernstein 1994).

<< Insert Table 3 about here >>

Figure 2 visually presented the three-factor measurement model of *junzi*. These factors were labelled as *ren*, *yi* and *li*. They are independent, distinct yet sufficiently correlated. The paired correlation of these three factors was between .73 and .88. A standardized factor loading of each survey item to the prescribed factor was shown in the same figure. In sum, *ren*, *yi* and *li* best represent the concept of *junzi,* which they are individually measured by a set of items.

<< Insert Figure 2 about here >>

This measurement model is not only reliable but it also exhibits a good validity. As reported in Table 4, convergent validity was established with the average extracted variance (AVE) of *ren*, *yi* and *li*, all passing the thresholds of .50. Moreover, a higher square root of AVE was reported (.852 -.822) suggesting this measurement model also good in discriminant validity (Fornell and Larcker 1981).

Discussion and conclusion

Based on these empirical results, findings of this study enrich the existing literature of *junzi* and virtue ethics in several aspects. It is a kind of research to specify the domain of *junzi* using a virtue ethics lens. To reduce its abstractness and provide substance, it is conceptualized as a multidimensional construct. As such, *junzi* is to realize through *ren*, *yi* and *li*, which they are collectively known as *quande* or mega-virtues (Cua 2007; Ip 2009). To remain benevolence to others and have good heart (*ren*) are essential but not a sufficient condition to qualify for a *Junzi* corporation in consumer's eyes. In fact, a firm has to uphold social responsibility and does not grab every single cent of profit from customers in addition of love and kindness (Kwong et al. 2015). As expected by customers, a *junzi* corporation has three facets that are *ren*, *yi* and *li*. Missing any one of these attributes is not able to fully realize the qualities of *junzi*. In other words, *ren*, *yi* and *li* (Confucian cardinal virtues) technically share the common variances to form the concept of *junzi* in a latent model.

This research study is among the first of its kind to develop a reliable and valid measurement model that operationalizes *junzi* in three related yet independent factors. It specifies the domain that *ren*, *yi* and *li* constitute the concept of *junzi* in consumers'

mind. *Junzi* is no longer an abstract concept but is measurable by a set of 16 items in three related dimensions. *Junzi* as an emerging concept in business ethics is, therefore, less abstractness and manageable with a clear domain and structure. Practitioners can follow this three-factor model to better understand the expectation and requirement of customers on *ren*, *yi* and *li*, which facilitates firms to attain high morality in the course of business.

To conclude, *junzi* is completely measurable and manageable. It is a concept that can be objectively measured by a set of 16 scale-typed items to reflect the perceptions of Chinese consumers towards *ren*, *yi* and *li* exhibited by a firm. Practitioners can now be much easy to monitor the perceived virtuousness of their firms by using this three-factor model. *Junzi* is manageable along *ren*, *yi* and *li*.

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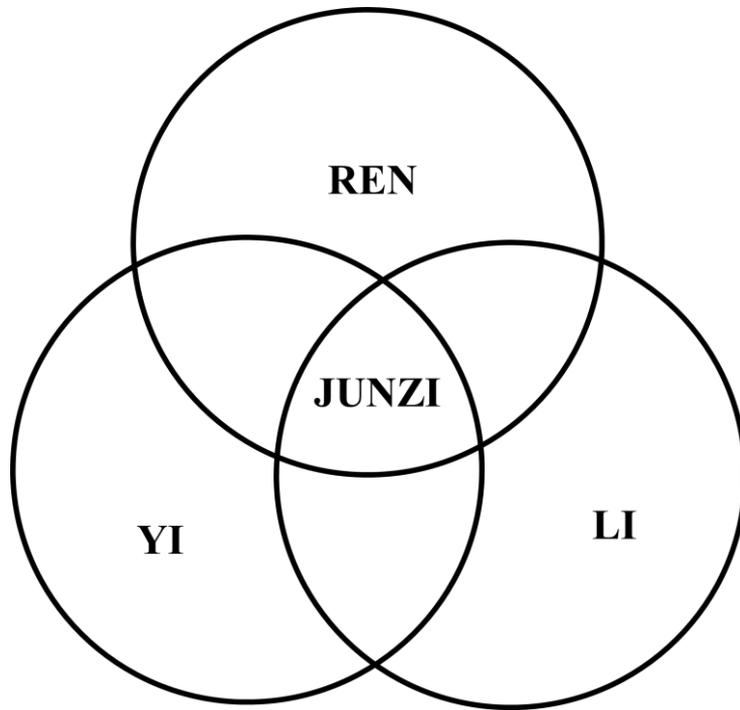
FIGURE 1   Conceptual model

TABLE 1   Number of sampled corporations and respondents

Industry	Sampled Corporations	Respondents
Transportation & Public Service	2	40
Supermarket & Retailing	4	98
Food & Catering	3	69
Recreation & Travel Service	4	82
Grand Total	**13**	**289**

TABLE 2   Description of Confucian cardinal virtues

Mega-virtues	Essence	Description	Source	Sampled items
Ren	Heart	A benevolent man with a *ren* character loves others. A man of propriety shows respect to others. He who loves others is constantly loved by them. He who respects others is constantly respected by them.	*Li Lou II 56*	Regards one's stakeholders as one's family Concerns oneself with the well-being of the stakeholders
Yi	Behavior	A firm with *yi* would think of righteousness and takes gain when it is consistent with righteousness to do so.	*Analects 14.12*	Upholds social responsibility at all cost even in time of economic recession Acts in accordance with the highest corporate conscience
Li	Manner	Look not at what is contrary to propriety; listen not to what is contrary to propriety; speak not what is contrary to propriety; make no movement which is contrary to propriety.	*Analects 12.1*	Never tricks customers into spending Does not grab every single cent of profit from customers

TABLE 3　Parameter estimation and composite reliability

Factors	Items		Estimate	z-value*	SE	CR
Ren	RE-1	Regards one's stakeholders as one's family	.974	14.151	.069	.936
	RE-2	Treats one's stakeholders as one would treat oneself	.942	13.932	.068	
	RE-3	Concerns oneself with the well-being of the stakeholders	.976	16.026	.061	
	RE-4	Targets at the increase of the stakeholders' benefit when planning their business strategy	.955	14.447	.066	
	RE-5	Is a firm of humanity	.943	13.732	.069	
	RE-6	Is a firm of benevolence	.952	14.307	.067	
	RE-7	Is a firm considerate of customers and their needs	$1.000^{(1)}$	-	-	
Yi	YI-1	Upholds social responsibility at all cost even in time of economic recession	.913	16.467	.055	.930
	YI-2	Never makes a profit at the expense of the community	.969	17.560	.055	
	YI-3	Always behaves conscientiously	.842	14.684	.057	
	YI-4	Acts in accordance with the highest corporate conscience	.837	18.385	.046	
	YI-5	Acts righteously or will voluntarily wind up the firm	$1.000^{(1)}$	-	-	
Li	LI-1	Is not a manipulative firm	.905	13.599	.067	.902
	LI-2	Is not such a firm giving only petty favors to the customers	.943	16.555	.057	
	LI-3	Never tricks customers into spending	.997	15.841	.063	
	LI-4	Is a firm with intention not to grab every single cent of profit from customers	$1.000^{(1)}$	-	-	

SE = Standard error, CR = Composite reliability
[1] The parameter was set equal to 1 in creating a metric for estimation
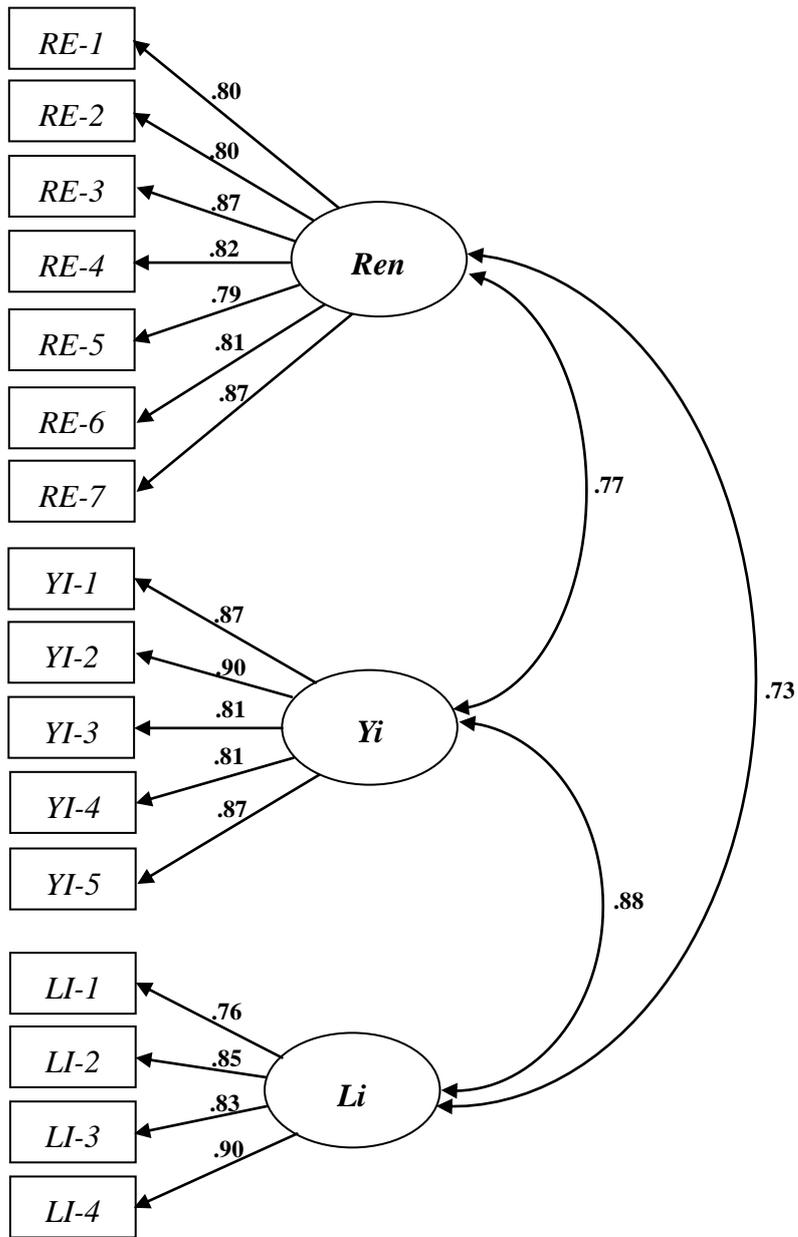**All z-values are significant at the 0.001 level*

FIGURE 2   Measurement model

TABLE 4   Convergent and discriminant validity

	Mean	SD	AVE	Ren	Yi	Li
Ren	4.53	1.06	.675	(.822)		
Yi	4.48	1.13	.726	.766	(.852)	
Li	4.44	1.17	.697	.726	.884	(.835)

SD = Standard deviation, AVE = Average variance extracted
Figures in bracket are square root of AVE, others are correlation coefficients