

# Leadership & Organizational Patterns in the *Daodejing*

## Purpose

Although the *Daodejing* is a text that is more than 2400 years old, its concepts regarding leadership nevertheless fit well into current discussions on sustainability and responsibility.

## Design/methodology/approach

The paper focuses on the strategic aspects that can be found in the *Daodejing's* approach to leadership.

## Findings

The *Daodejing* offers interesting perspectives on the relationship between personal development and sustainability. Because of their topicality these concepts are moreover particularly interesting within the context of corporate culture and glocalization for multinational companies operating in China.

## Originality/value

The paper explores aspects of the philosophy of the *Daodejing* that often get neglected, but which offer interesting perspectives on current issues in management.

## Keywords:

*Daodejing*, leadership, self-organization, personal development, sustainability

## Paper type

Conceptual paper

## Introduction

The *Daodejing* (commonly transcribed as *Tao Te Ching* or *Tao Te King*; below also abbreviated as DDJ) adopts a systemic approach to sustainability that resonates with the needs of today as the world faces a shortage of leaders with vision. In the

*Daodejing*, personal development and leadership personality are seen as the driving forces behind the development of true sustainability in operational processes and interactions, whether the context be business, political, or social governance.

Sustainability is seen as something that must originate with self-cultivation through individual practice before it can extend into leadership and guidance of organizational processes and patterns. According to the *Daodejing*, if a leader's personal attitudes and behavior are not imbued with sustainable patterns, it is difficult to organically "re"-produce them in the outside world. Such concepts of sustainability are as valuable today as ever before.

The *Daodejing* addressed the leaders of the states at its time (王侯, wang hou), a time when sustainability was a constant concern. This was roughly during the later part of the Spring and Autumn Period (770 – 476 BC) and the beginning of the Warring States Period (475 – 221 BC). It was a time of continuous power struggles between the feudal lords, which resulted in endless wars, much chaos, suffering and waste.

### **Organizational patterns**

This being the historical setting, one of the central topics of the *Daodejing* was the question: What kind of organizational patterns are best suited to creating flourishing and stable systems, and which factors make systems prone to disruption?

To talk about "systems" and "patterns" in the context of the *Daodejing* might sound somewhat strange, a bit too modern. But the *Daodejing* is indeed interested in fundamental patterns and their effects in diverse areas and on multiple levels – no matter whether we talk about a state, a culture, interpersonal relationships or managerial processes. See for instance the concepts of *wuwei* (无为, *wuwei* – *non-action*) and *ziran* (自然, *ziran* – being in harmony with internal potential) below.

In the *Daodejing*, what makes a system stable is this: a sustainable foundation of unified operational and behavioral patterns that adapt flexibly and individually to potential and resources. (DDJ, ch. 54). This requires the utilization of the energies already in motion within the system.

## Self-organization

The concepts found in the *Daodejing* are intimately related to the observation of phenomena, processes and fundamental patterns in nature – heaven/stars, earth/seasons, water, plants and animals (天, tian, 地, di, 水, shui, 万物草木, wan wu cao mu, 牝牡, pin mu). Because of the Daoist admiration of nature, at the heart of Daoist philosophy there is an interest to model individual behavior and operational patterns after the processes of self-organization in nature (天, tian, 地, di, 自然, ziran, DDJ, ch. 25).

Accordingly, the *Daodejing*'s ideal is efficient integration into larger systems (和, he, 一, yi, DDJ, ch. 16, 22, 55). The central Daoist terms to mention in this context are *ziran* (自然) and *wuwei* (无为). *Ziran* means to be in harmony with and to operate in accordance with inherent potential. *Wuwei* is commonly translated as *non-action*. Although the concept is easily confused with in-action, which is passive and often ineffective, *wuwei* is rather a very responsive, supportive and enabling mode of action, allowing sustainable accomplishment.

In a leadership context, there are plenty of examples of *wuwei*, or *non-action* in the *Daodejing*, in which action is less strictly directive and controlling, but instead more supportive and empowering (DDJ, ch. 37, 66). The *non-action* in the *Daodejing*'s approach to management (治, zhi, 治国, zhi guo) and leadership (圣人, sheng ren, 侯王, hou wang, 取天下, qu tian xia) has a significant aim: “The Dao is constantly not acting. If the dukes and the kings can hold on to this, the ten thousand things and beings will **develop by themselves.**” (DDJ, ch. 37, Bamboo manuscript A; all DDJ translations by the author according to Gerstner (2008 and 2009)

What “by themselves” hints at here is a leadership style which is deeply motivating and which supports people in developing at their own speed and in a fashion that suits them best (also see DDJ, ch. 17). Daniel Goleman describes these kinds of effects very well in his article, “Social Intelligence and the Biology of Leadership”.

*Non-action* as a behavior pattern is the opposite of a narrowly top-down management style. It is what you might call leading from behind (regarding the relevance for management also see Hill, 2010, and Kleiner and Sehgal, 2010) or what the *Daodejing* also calls leading from “below” (DDJ, ch. 66, 68).

The rivers and the seas are kings of a hundred mountain streams, because they can place themselves below them. This is why they can be kings to the hundred mountain streams. When sages are in front of people, they place themselves behind them. When they are on top of people, they place themselves below them in the way they talk [they are humble]. (DDJ, ch. 66, bamboo manuscript A)

If leaders are too much “on top”, too autocratic and too arrogant (DDJ, 17, 22), a good deal of valuable information will naturally not “flow” towards them. There will be less engagement and reduced performance (DDJ, ch. 68). An important point in this leading from behind and below perspective is that it optimally creates opportunities for individuals, interpersonal interactions, and processes to develop organically. Practical examples of this perspective can be found at *Management Innovation eXchange* (MIX).

The water/river examples in the *Daodejing* are no coincidence. *Non-action* is about *flow* experiences and creating *flow* processes (see DDJ, ch. 37, 57 or *ziran* in ch. 17). But for this to happen, an appropriate environment with an engaging atmosphere is needed.

“Therefore the sages say: I stay with non-action and the people **develop by themselves**. I adore tranquility and people are **role models by themselves**. I have no agendas and the people **fare well by themselves**. I have no desires and the people **stay pristine by themselves**.” (DDJ, ch. 57)

*Non-action* aims at minimizing (the need for) interference and reducing friction and waste. What *non-action* further means for a management and organizational context is that it is important to create an environment in which things happen without the need to prompt and interfere constantly. *Non-action* does not only require superb communication skills, it also requires excellent communication channels within and between all levels of an organizational structure. Without this free communication, information and vital details might not be conveyed early and quickly enough, and a leader will often have little chance to act before minor inconsistencies turn into major problems.

## Personal development

This communication requires a mindset of continuous improvement of all people involved, and an environment and procedures encouraging self-cultivation: “Practicing the Tao, you reduce day by day. You reduce and reduce again, to eventually arrive at non-action.” (DDJ, ch. 48) This quote from chapter 48 is not just about reducing non-essentials. It describes the ongoing process of shedding everything that restrains the ability to perceive, to adapt and respond, and to act proactively. It means improving one’s skills in communicating with others as well as, even more fundamentally, with oneself.

Like other major schools of thought at the time, the proponents of the *Daodejing* saw leadership personality as one of the keys to effective governance. It should therefore not surprise, that a leader’s emotional intelligence along with his or her personal development is given such high importance in the *Daodejing* (DDJ, ch. 57, 58, 66).

An unbalanced personality is seen as a significant source for trouble, causing bad use of human and other resources, reducing the efficiency of the organization and hampering its sustainability (DDJ, ch. 30, 31, 46, 75). Daniel Goleman’s and others’ research on emotional intelligence in business contexts undoubtedly support this perspective. The *Daodejing* describes superior leaders as endowed with exceptional perception skills and as very responsive to potential, but also to weaknesses and to factors that might cause problems in the future (DDJ, ch. 63, 64): “Act before it appears. Fix it, before there is a mess.” (DDJ, ch. 64)

From the perspective of the *Daodejing*, in order to make effective use of the principle of self-organization, openness/emptiness and continuous personal development are absolute prerequisites for a leader. A leader who is not receptive enough loses out on a good deal of information, not because it is not accessible, but simply because he or she does not perceive it and because of a limited access to information channels. Only if a leader and his/her organization actively stay open and empty on all levels does information have a chance to *flow* in (DDJ, ch. 4, 5, 45): “True fullness is like emptiness. It can absorb without end.” (DDJ, ch. 45)

Again and again we can see that *resonance* (和, *he*), resonating with the environment, is a very important theme in the *Daodejing*'s focus on self-organization. If water is still (calm, tranquil), it can serve as a good mirror. For top-level executives this kind of effect is important in that only a clear mirror can offer optimum reflection on new and innovative ideas. Besides, a leader who stays calm, tranquil and accessible under pressure is a role model with a positive impact on team morale and engagement: "Therefore the sages say: ... I adore tranquility and people are role models by themselves." (DDJ, ch. 57)

Additionally, cultivating a highly receptive, open and responsive personality which can deal with people in ways that do not trigger defensiveness and antagonism, but rather maximum rapport and cooperation, allows for success: "The Dao of heaven is not to compete/jostle, but nevertheless to be good at winning." (DDJ, ch. 73) The *Daodejing*'s key terms in this regard are: staying empty, not being self-opinionated and being tranquil (虚, *xu*, 不盈, *bu ying*, 无, *wu*, 不自是, *bu zi shi*, 静, *jing*). The practice of meditation is a typical Daoist tool to attain, foster, preserve, and experience the effects of these states of mind.

These states of mind should also be viewed in the framework of self-organization and the ability to resonate (和, *he*), which is, besides other things, principally about triggering constructive chain reactions. Concepts such as *ziran* (自然, *ziran*, meaning acting/operating in full accordance with existing potential), *non-action* (无为, *wuwei*), emptiness (虚, *xu*, 冲, *chong*), tranquility (静, *jing*) and *to harmonize* (和, *he*) are not seen only in the light of effective leadership behavior in the *Daodejing*. They are also regarded as important operational patterns and as important criteria for structuring processes.

Figure 1



## Health and sustainability

As such, individual health of top-level leaders and organizational health are seen in co-relation. The concept of health that clearly shines through in the *Daodejing* is the idea of structural balance and optimal resonance with potential (和, he). Ill health from this perspective, then, is an imbalance of functions, processes and relations.

The *Daodejing* adopts a systemic approach to sustainability through a structure that allows individual potential to flourish and so encourages empowerment of every part of the whole as each part is valued. This is different from most Western perspectives that do not stress links between sustainability, personal development and one's own health – see for instance sustainability studies by the Boston Consulting Group, IBM or McKinsey.

In the thought of the *Daodejing*, however, you can find a strong alliance between a general caring attitude, health and sustainability (Gerstner, 2008, pp. 15-20, 27, 189, 301). First, one has to take care of oneself. This refers to all aspects of one's own well-being and health. The caring attitude then extends from oneself to other beings, one's whole environment and coming generations (子孙, zi sun, ch. 54). Here an example of how the *Daodejing* links this to leadership: “If you adopt a caring attitude towards yourself, you can be entrusted with the empire.” (DDJ, ch. 13)

Figure 2



If top-level leaders do not adopt a truly caring attitude towards their own physical, mental and emotional health, their attitude and behavior patterns will affect the ways they deal with other people. Their ill-health will, in turn, affect the strategies they adopt, and the ways in which they set up tasks and structure processes. The aim for leadership within the *Daodejing*'s context of self-organization, however, is to spread and amplify balanced behavioral and operational patterns. The modern jargon for this effect is "social contagion" (see Robison, 2010, and Taylor, 2008).

The *Daodejing* addresses political leaders, and there is of course a difference between political states and businesses. But what they have in common is that they all want to prosper. They both need to know what kind of cultures will best help them attain and sustain prosperity.

### Glocalization

The concepts described above can provide inspiration for a multitude of management contexts, in the West and elsewhere, but they can be particularly interesting for multinational companies operating in China. Concepts like these can be employed in the process of aligning global corporate culture with the local conditions multinational companies face in China, specifically with respect to leadership.

As effective as localization of products and services, but much less practiced, the translation of a company's global culture into local Chinese practice can be distinctly improved if this process is less a literal translation of Western ideas, terms and techniques, but rather a rendition that establishes a connection to Chinese traditions and practices.

This seems to be particularly true in light of current societal tendencies in China. For, alongside the political changes after Mao Zedong's death and the rapid and immense economic developments in China in recent years, China has revisited its attitude to its cultural heritage.

The cultural deprivation brought about by the so-called Cultural Revolution, along with the abrupt focus on material wealth, has provoked a new search for China's cultural identity and for something beyond mere material values. And, importantly, this search has political support.

All of a sudden there is an enormous hunger for traditions, concepts and values that are inherently Chinese. It has caused a revival of Chinese traditions and led to the rise of the 国学热, guo xue re, a strong tide of fascination for Chinese teachings. This is an ongoing social phenomenon.

### **Management education**

What is very special about the *Daodejing*'s perspective on leadership is its systemic perception. It treats governance of a state, personal development, and one's personal health as intimately related. There neither is a body mind split, nor a neglect of parts in favor of the whole. From an educational point of view this means that the *Daodejing* does not put the main focus on mere management techniques. But instead, for techniques to effectively be put into practice, it sees a necessity to experience the concepts and strategies behind them through one's whole person – body, mind and soul.

This means that, from the *Daodejing*'s point of view, the idea of efficiency also appears in a different light. The question that comes up here is: How deep and thorough can any thought and practice in the area of corporate social responsibility and sustainability, for instance, be if the relevant concepts and patterns are not deeply ingrained in a manager's own personality and experience? In this respect future managers will have to deeply explore and realize their "managerial DNA", to borrow an expression from Gary Hamel (Hamel, 2007, location 1489), in order to make the best use of human resources. This is certainly something worthy of discussion in modern management education.

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## **Appendix**

### **Leadership in the *Daodejing***

#### **Essential requirements for leaders**

Ch. 13: “If you adopt a caring attitude towards yourself, you can be entrusted with the empire.” (“爱以身为天下。若可托天下。” – 王弼本)

Exploring and taking good care of “inner landscapes” is seen as an absolute prerequisite for taking charge of external “landscapes” in a responsible and sustainable way.

## Essential competencies for leaders

Ch. 15: “Who is able to make something that is turbulent gradually clear again through tranquility? Who is able to gradually awaken something that is still to life through long enduring motion? Someone who preserves this Tao does not want to be full.” (“孰能浊以静之徐清。孰能安以久动之徐生。保此道者不欲盈。” – 王弼本)

These abilities are relevant in situations of conflict and confusion as well as in motivating disengaged employees or team members.

Ch. 17: “The greatest leaders are those who people below only know of as being there. They are followed by the ones who people want to get close to and praise. Then there are those who are feared. They are followed by those who are despised ... [The greatest leaders] complete their tasks and settle their agendas, and yet their people will say: ‘We are what we are on our own accord.’” (“太上下知有之。其次亲誉之。其次畏之。其次侮之。 ... 成功遂事。而百姓谓我自然。” – 马王堆帛书甲本)

What I here translate as “We are what we are on our own accord” is the term *ziran* (自然) that I earlier explained as “being in harmony with and operating in accordance with inherent potential.”

Ch. 54: “Something that is established well cannot be uprooted. Something that is firmly embraced cannot be taken away.” (“善建者不拔。善抱者不脱。” – 王弼本)

Ch. 63: “Act by not acting. ... When you want to accomplish great things, pay attention to the tiny details.... This is why the sages never do big things, but can achieve great results.” (“为无为。 ... 为大于其细。 ... 是以圣人终不为大。故能成其大。” – 王弼本)

Ch. 64: “Act before it appears. Fix it, before there is a mess. ... This is why sages ... support [the ability] to be in harmony with inherent potential in all beings and do not dare to act.” (“为之于未有。治之于未乱。 ... 是以圣人 ... 以辅万物之自然。而不敢为。” – 王弼本)

## Personal qualities of top-level leaders

Ch. 22: “Sages … do not show off, therefore they shine. They are not self-opinionated, therefore they are distinguished. They do not boast of themselves, therefore they have merit. They are not arrogant, therefore they are leaders. Because they do not compete, nobody in the world is able to compete with them.” (“是以圣人 … 不自见故明。不自是故彰。不自伐故有功。不自矜故长。夫唯不争。故天下莫能与之争。” – 王弼本)

Ch. 26: “Tranquility governs haste.” (“静为躁君。” – 王弼本)

Ch. 30: In dealing with conflict and power: “The ones who are able achieve results, but they do not rely on power and force.” (“善者果而已。不以取强。” – 郭店竹简甲组)

Ch. 46: “There is no bigger disaster than not knowing when it is enough.” (“祸莫大于不知足。” – 王弼本)

### **The foundation of sustainability**

Ch. 16: “To know how to be constant is true intelligence. Not to know how to be constant is arbitrariness. Arbitrary behavior brings disaster.” (“知常明也。不知常妄。妄作凶。” – 马王堆帛书甲本)

Ch. 22: “This is why sages embrace oneness and become a model for the world.” (“是以圣人抱一为天下式。” – 王弼本)

Ch. 55: “To harmonize is called constancy. To know how to harmonize is true intelligence.” (“和曰常。知和曰明。” – 马王堆帛书甲本)

### **Essential characteristics of Dao / nature / superior leaders**

Ch. 4: “The Dao is empty [like a cup], yet it will never be filled.” (“道冲而用之或不盈。” – 王弼本)

For the Daoists the Dao is the epitome for being open, receptive, responsive.

Ch. 5: “The space between Heaven and Earth is like a bellows. It is empty, but it cannot be exhausted. The more it moves the more comes out.” (“天地之间。其猶橐籥乎。虛而不屈。動而愈出。” – 王弼本)

Emptiness in the *Daodejing* is closely linked with efficiency.

Ch. 7: "Sages therefore put themselves last, but are nevertheless standing in the first line. They keep a low profile, but are nevertheless present. Isn't it that they are able to pursue their own interests, just because they are unselfish?" ("是以圣人后其身而身先。外其身而身存。非以其无私邪。故能成其私。" – 王弼本)

Ch. 8: "Superior people are like water, benefiting all beings without competing with them." ("上善若水。水利万物而不争。" – 王弼本)

Ch. 25: "Humans find orientation in earth. Earth finds orientation in Heaven. Heaven finds orientation in the Tao. The Tao finds orientation in *ziran*." ("人法地。地法天。天法道。道法自然。" – 王弼本)

Ch. 37: "The Tao is constantly not acting. If the dukes and the kings can hold on to this, the ten thousand things and beings will develop by themselves." ("道恒亡为也。侯王能守之。而万物将自化。" – 郭店竹简甲组)

Ch. 45: "True fullness is like emptiness. It can absorb without end." ("大盈若冲。其用不穷。" – 王弼本)

Ch. 48: "Practicing the Tao, you reduce day by day. You reduce and reduce again, to eventually arrive at non-action." ("为道日损。损之又损。以至于无为。" – 王弼本)

Ch. 51: "Bring forth, but do not be possessive; act, but do not be presumptuous; lead, but do not rule." ("生而不有。为而不恃。长而不宰。" – 王弼本)

Ch. 57: "Therefore the sages say: I stay with non-action and the people develop by themselves. I adore tranquility and people are role models by themselves. I have no agendas and the people fare well by themselves. I have no desires and the people stay pristine by themselves." ("故圣人云。我无为而民自化。我好静而民自正。我无事而民自富。我无欲而民自朴。" – 王弼本)

Ch. 66: "The rivers and the seas are kings of a hundred mountain streams, because they can place themselves below them. This is why they can be kings to the hundred mountain streams. When sages are in front of people, they place themselves behind them. When they are on top of people, they are humble [place themselves below them in the way they talk]." ("江海所以为百谷王。以其能为百谷下。是以能为百谷王。圣人在民前也。以身后之。其在民上也。以言下之。" – 郭店竹简甲组)

Ch. 68: “Someone who is good at employing people places himself below them. ... This is called making use of other people’s strengths.” (“善用人者为之下。 ... 是谓用人之力。” – 王弼本)

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