



# THE INSPIRATION OF LAO TZU'S PHILOSOPHICAL THOUGHTS TO THE ENTREPRENEURIAL SPIRIT OF MEDIATION AND PRODUCTION

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**Resumo:** Este artigo adota uma combinação de revisão da literatura e análise teórica, a fim de explorar o valor da aplicação da filosofia de gestão de Laozi, nas empresas contemporâneas, e, com base nisso, construir o espírito empreendedor e a cultura corporativa. Ao se analisar os conceitos centrais de "governar pela inação" e "seguir a lei da natureza", no *Tao Te Ching* de Laozi, combinados com as operações da empresa, são reveladas a aplicabilidade e a eficácia da filosofia de Laozi na gestão empresarial moderna. Os resultados indicam que o princípio da inação natural de Laozi pode orientar os empreendedores a adotar estratégias de desenvolvimento mais flexíveis e sustentáveis. O conceito do "Tao segue a natureza" pode ajudar as empresas a se adaptarem melhor às mudanças do mercado e a alcançarem harmonia interna e equilíbrio externo. A filosofia de gestão de Laozi não é apenas uma sabedoria antiga, mas também um complemento importante para a teoria moderna de gestão empresarial.

**Palavras-chave:** Filosofia de Lao Tzu. Filosofia da administração. Gestão empresarial. Construção espiritual e cultural.

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## THE INSPIRATION OF LAO TZU'S PHILOSOPHICAL THOUGHTS TO THE ENTREPRENEURIAL SPIRIT OF MEDIATION AND PRODUCTION

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**Abstract:** This article adopts a combination of literature review and theoretical analysis to explore the application value of Laozi's management philosophy in contemporary enterprises, and based on this, construct entrepreneurial spirit and corporate culture. By analyzing the core concepts of "governing by inaction" and "following the law of nature" in Laozi's "Tao Te Ching", combined with enterprise operations, the applicability and effectiveness of Laozi's philosophy in modern enterprise management are revealed. The results indicate that Laozi's principle of natural inaction can guide entrepreneurs to adopt more flexible and sustainable development strategies. The concept of 'Dao follows nature' can help enterprises better adapt to market changes and achieve internal harmony and external balance. Laozi's management philosophy is not only an ancient wisdom, but also an important supplement to modern enterprise management theory.

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### INTRODUCTION

The modernization of traditional Chinese culture is a contemporary issue that has garnered attention from various scholars, each exploring it from their unique perspectives. For instance, Zhang (2010, p. 104) notes: "Some scholars have advocated for the involvement of traditional culture in public life and its return to political society". In contrast, Xia and Tang (2005, p. 105) observe: "Other scholars have attempted to retreat from the public sphere and return to the private sphere, as they find it challenging to reintegrate traditional culture into political and public life".

Experiments in this regard have been conducted in places like Singapore and Hong Kong, but the results have not been particularly promising. Despite these challenges, there is a growing belief that one of the most contemporary applications of traditional Chinese culture lies in management. The question arises: can we envision a transition from traditional political society (governance) to economic society (management)? Lao Tzu's teachings, in particular, offer valuable insights into modern management practices.

Lao Tzu's management philosophy puts forward the idea of 'no-action', emphasizing the need to conform to the laws of natural development rather than excessive intervention

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(Andrew; Bramwell, 2011, p. 94-110). Its philosophical foundation is “Dao” (Mao, 2009, p. 25-27). It is both global and Chinese, and has multiple implications for the implementation of humanistic management in Chinese social organizations (Tian, 2005, p. 31-33). And it has important implications for the development of modern management theory (Han; Liu, 2006, p. 76-78). The philosophy of Taoism provides insights for enterprise management, but research has not yet fully integrated it with entrepreneurial spirit and cultural construction.

This article introduces Laozi’s management philosophy, basic characteristics, and its relationship with entrepreneurial spirit and culture, and deeply analyzes the combination of the two. This study not only has important theoretical value for deepening the understanding of Laozi’s management philosophy in enterprise management, but also provides entrepreneurs with a new framework for thinking, which helps promote the enterprises’ sustainable development.

## **1 LAO TZU’S MANAGEMENT PHILOSOPHY**

### **1.1 OVERVIEW OF LAO TZU’S MANAGEMENT PHILOSOPHY**

Lao Tzu’s thought is profound, with extensive discussions on “management” embedded in his philosophy. His approach is not limited to specific management theories or techniques, but belongs to a metaphysical level of management philosophy, making its application broad and adaptable. The core of his management issues is rooted in the philosophy of the “Dao,” allowing us to refer to this system of thought as Lao Tzu’s management philosophy. As Hennig (2017, p. 19) states, “From the perspective of management philosophy, for Lao Tzu, who has five thousand words, it is no longer a stratagem, a strategy, or a skill, but an attitude, an idea, a method, or a great wisdom”.

Lao Tzu’s management philosophy draws on contemporary management theories and philosophical principles. His thoughts permeate through the intersection of philosophy and management, providing insights into the internal and external dimensions of management. The philosophical implications in his management thinking have been explored and systematically refined, summarizing the organic connection between philosophy and management to highlight key points and characteristics (Mirza, 2021).

In the context of contemporary management, which refers to the modern society’s current era, management methods continue to evolve with technological, economic and societal developments. Traditional management methods, characterized by experiential approaches and lacking scientific rigor, are being replaced by contemporary management practices. These practices emphasize scientific analysis, standardization, data-driven decision-making, employee motivation and corporate social responsibility, which make contemporary management more adaptable to the modern society’s needs.

Laozi's Dao provides a theoretical foundation for his management philosophy. Its management philosophy is based on three key concepts: 'internal and external', 'morality', and 'action and utility'. These constitute the foundation of his philosophy and management ideas: the internal concepts include 'Dao' and 'body', and the internal foundation of his philosophy and management is rooted in the concept of 'Dao'; The external concepts include 'virtue' and 'utility', which represent the core connotation and embodiment of Laozi's management philosophy, reflecting his management philosophy, human nature view, as well as organizational and personal management theories. Laozi's philosophy emphasizes the process of internal and external unity, combining morality with action, and experiencing the essence of life through 'non action'. His philosophy advocates the construction of a management philosophy based on the 'Dao' (Zhu; Wei, 2020).

Lao Tzu's management philosophy is deeply rooted in Chinese culture, yet it offers universal insights that resonate with both past and present. Key characteristics include focus on spirit, importance of understanding, internal connection between philosophy and management, cultivating moral character and seeking the Dao.

Lao Tzu's theory is comprehensive, covering modern management aspects, such as decision-making, planning, implementation, supervision and evaluation. However, his focus is on the spiritual pursuit of management rather than specific frameworks (Liu; Li, 2019).

Lao Tzu's thought is embedded in the visualization thinking style, emphasizing "visualization and knowledge" and "wordless teaching." His approach transcends conventional writing and structural systems, focusing on imagery and conceptual understanding (Zhang, 2014).

In contrast to Western management, which began with enterprises, Chinese management has always been closely linked to philosophy. Lao Tzu's management thinking is deeply intertwined with his philosophical thought, making "Lao Tzu" both a philosophical and management text (Paul, 2022).

Self-cultivation is central to Lao Tzu's management philosophy. He emphasizes governing through the Dao, integrating both theory and practice, and cultivating moral character as the foundation for managing oneself and others. This principle has been pivotal in traditional Chinese culture (Ye, 2013).

Lao Tzu's concept of the "Dao" is the universe's origin and fundamental law, transcending all concepts. The Dao is the root and ultimate destination of all things, emphasizing natural development without forced intervention. This idea of "no-action" (Wu Wei) guides management practices by advocating for minimal interference and allowing processes to follow their natural course.

Incorporating entrepreneurship into corporate culture aligns with Lao Tzu's management philosophy. Entrepreneurial spirit, characterized by innovation, risk-taking and teamwork, can profoundly influence corporate culture, encouraging creativity and long-term success (Chong, 2022; Ahmad; Idrus; Rijal, 2023). By embedding entrepreneurial values into the core of corporate culture, companies can harness their employees' potential for sustainable development (Paunovic; Dima, 2014).

In conclusion, Lao Tzu's management philosophy, rooted in the Dao and the principle of no-action, offers timeless wisdom applicable to modern management practices. By integrating spirituality, visualization and self-cultivation into management, Lao Tzu's thought provides a holistic approach that transcends traditional management methods, fostering a deeper understanding of leadership and organizational dynamics.

## 1.2 LAO TZU'S MANAGEMENT PHILOSOPHY AND CONTEMPORARY ENTREPRENEURSHIP

Lao Tzu's concept of "no-action" can offer valuable insights for modern entrepreneurs seeking to navigate the complexities of today's fast-paced business environment. However, understanding how to balance Lao Tzu's philosophy with practical entrepreneurial demands requires a clear connection between ancient wisdom and contemporary challenges.

Lao Tzu's management philosophy, centered on the idea of "no-action," emphasizes non-interference, allowing natural processes to unfold without undue force. This philosophy is increasingly relevant in today's rapidly changing market landscape, where excessive control by entrepreneurs can stifle innovation and agility. However, modern entrepreneurs also need to exercise authority and make critical decisions when necessary. This delicate balance between control and autonomy, between "doing something" and "not doing anything," forms the crux of applying Lao Tzu's philosophy in contemporary business practices.

In today's business world, entrepreneurs face numerous challenges, including rapid technological advancements, evolving consumer demands, and the constant need for innovation. These pressures often lead to a tendency toward micromanagement and over-intervention. However, Lao Tzu's philosophy suggests that over control can hinder an enterprise's natural growth, just as excessive force in nature disrupts harmony.

The concept of "no-action" does not imply passivity; rather, it encourages entrepreneurs to trust in their team's abilities and the processes they have set in motion. By granting employees autonomy in their roles and decision-making, entrepreneurs can foster a culture of innovation and responsibility. At the same time, they must remain vigilant, ready to step in with decisive actions when necessary, but without stifling the business's natural flow.

In conclusion, Lao Tzu's philosophy offers a framework for entrepreneurs to strike a balance between authority and inaction. By embracing adaptability, fostering autonomy and leading with humility, entrepreneurs can navigate the modern business's complexities while remaining aligned with Lao Tzu's timeless wisdom.

“Lao Tzu proposed the management philosophy of ‘the highest good is like water’, which originated from the Book of Changes” (Altinay, 2008, p. 111). “The highest good” refers to the highest morality, which is like water, from the softest to the weakest, but can contain and nourish all things. “The highest good” is both a philosophical idea and a moral realm. “Like water” refers to water as a metaphor, emphasizing that a person should be like water, pursuing nothing but not willing to be mediocre and unknown, be able to tolerate everything, and be good at sharpening oneself and achieving oneself in difficulties and setbacks. Lao Tzu believes that water is good at benefiting all things without contention, and is hated by everyone, so it is almost equal to the Dao. It means that being a person should be as good at benefiting all things without arguing as water, and dealing with the others' evils without arguing, so as to approach the Dao. In enterprise management, it is also necessary to adhere to the management philosophy of “being as good as water” and establish correct enterprise values, ethics, development and talent development concepts in the construction of enterprise culture.

Lao Tzu's management philosophy of “being as good as water” is also related to contemporary entrepreneurship. Lao Tzu proposed the management philosophy of “the highest good is like water” in the *Dao Te Ching*. “The highest good is like water” is a metaphor and description of the highest moral realm, which is also the embodiment of entrepreneurial spirit in culture. As an enterprise's leader and helmsman, entrepreneurs should not only focus on the accumulation of material wealth and the distribution of business results, but also on the accumulation of spiritual wealth and culture in the process of operation and management. An excellent corporate culture can unite people's hearts, stimulate the employees' wisdom and create more wealth.

Therefore, entrepreneurs should focus on building a corporate culture system with their own characteristics. First of all, issues from a humanistic perspective should be considered and attached importance to humanistic care. Secondly, it is necessary to build a harmonious culture and society. Once again, the laws of social development must be followed. Finally, it is necessary to also emphasize the importance of putting people first. In short, it is necessary to put people first, respect and love others. At the same time, it is necessary to adhere to the principle of putting efficiency first and environmental protection first. In the process of enterprise operation and management, it is necessary to make full use of laws and regulations to restrict and guide enterprise behavior. It is also necessary to use policy guidance and public

opinion propaganda to constrain enterprise behavior. It is also necessary to develop a set of feasible and efficient management systems to manage and constrain enterprise behavior.

In *Dao Te Ching*, Lao Tzu proposed the management concept of “[...] seeing simplicity and embracing simplicity, reducing selfishness and desires” (Gao, 2007, p. 39). Among them, the thought of “seeing simplicity and embracing simplicity” is the inheritance and development of Confucianism, Legalism and Taoism in the pre Qin period. It has both simple materialistic viewpoints and simple dialectic ones, and is an important content of Lao Tzu’s philosophical thought. The so-called “seeing simplicity and embracing simplicity” requires people to maintain the original appearance of things without any deliberate modification.

This approach conforms to the natural development laws of things. One must understand contentment and knowledge in order to achieve health and happiness. Lao Tzu’s idea of “seeing simplicity and embracing simplicity” is not passive and conservative, but rather advocates not excessively pursuing material interests, but paying attention to spiritual and moral cultivation. It is a positive and enterprising spirit, as well as a healthy and happy lifestyle advocated by Lao Tzu. In modern management, this proactive, down-to-earth, simple and honest work style is also advocated. Lao Tzu’s “embracing simplicity” does not mean that people should return to the primitive state of primitive people’s “a piece of plain leaves covering the sun” to live and work. Rather, it advocates that people should be down-to-earth and conscientious in their work. If the conduct of work and the country’s governance do not proceed from reality, do not take reality as the starting point and destination, do not respect objective laws, and rely solely on subjective desires and assumptions, it inevitably leads to negative consequences, such as lack of speed and anti-production.

Nowadays, some enterprises and entrepreneurs do not hesitate to violate laws and regulations to obtain economic benefits in order to pursue them. Many enterprises blindly expand or blindly pursue speed and scale, regardless of market rules, and pursue high debt operations or blindly go public for financing, regardless of their strength and management ability. These phenomena are manifestations of the management philosophy of “sticking to the simple and embracing the simple”. The modern enterprises’ development must proceed from reality, work hard and steadily step by step to gain market recognition, and avoid falling into the trap of eager for quick success and blind investment.

Lao Tzu’s management thoughts are concentrated in the book *Dao Te Ching*, which contains a wealth of management philosophy, and this aspect is also covered in other parts of *Dao Te Ching*. Lao Tzu proposed that “[...] those who assist others with the Dao should not strengthen the world with troops”. This is an idea of governing the world, based on the principle of “Dao”. Lao Tzu believes that the world cannot be achieved by force, but rather by “Dao”. Human subjective initiative cannot be exaggerated to the extent that it fully controls



human society, natural laws and objective ones. He believes that “Dao” is selfless and an ideal state that can maximize human initiative without interfering with the operation of the society’s objective laws. His idea has great reference significance for contemporary enterprise management. In the process of operation and management, enterprises should give full play to their entrepreneurial spirit and human resource advantages, making it a powerful driving force for enterprise development.

At the same time, in enterprise management, enterprises should pay attention to following objective laws, making them the driving force for social progress and development. Lao Tzu proposed the management thought of “following the law of nature” and “doing nothing”. He believes that all things have their own laws and rules of operation, and managers should not attempt to change them, let alone arbitrarily intervene and change the objective existence, development and state of existence of things themselves. Managers should comply with nature and laws, and make decisions that are most suitable for the enterprise’s development based on the actual situation and industry characteristics of it. Therefore, in management practice, efforts should be made to achieve. The first is to respect objective laws. The second is to respect the nature’s laws. The third is to combine with the enterprise’s actual development. The fourth is to proceed from the overall interests. The fifth is to consider human needs, including material and spiritual needs. Therefore, it can be said that the management wisdom, contained in Lao Tzu’s philosophy, has important guiding significance for modern enterprise management.

Lao Tzu advocates governing by inaction, and his “no-action” is not inaction, but conforming to natural laws, social trends and the laws of development of things. His “no-action” is not a complete inaction, but a good grasp of a degree, not inaction, but compliance with the laws of natural and social development. In terms of enterprise management, Lao Tzu advocates the management method of “no-action”. Lao Tzu believes that management should follow the nature’s and the society’s laws, and the objective ones of the development of things (Zhang, 2019, p. 194). “No-action” means not acting recklessly or acting recklessly. Managers should comply with objective laws and social trends, and manage enterprises in an orderly and efficient manner.

Firstly, it should be clarified that Lao Tzu’s “no-action” does not mean completely giving up action or passively waiting for something to happen. On the contrary, this is a proactive attitude that emphasizes not forcefully intervening at appropriate times and allowing things to develop according to natural laws. In enterprise management, “no-action” means that entrepreneurs do not micro manage every detail, but rather give employees enough autonomy and room to exert themselves. This management approach is not passively waiting for problems to arise before solving them, but actively creating an environment conducive to the enterprise’s development, allowing employees to freely unleash their talents. “No-action”



does not mean doing nothing. On the contrary, entrepreneurs need to constantly monitor the enterprise's overall operational status and make decisive decisions at critical moments. This management style focuses on overall grasp and long-term planning, rather than being limited to short-term benefits and superficial phenomena.

In addition, “no-action” also emphasizes the entrepreneurs’ leadership and personal qualities. A successful entrepreneur needs to possess qualities, such as integrity, humility and generosity, which are exactly the humanistic principles advocated by Lao Tzu. A morally upright entrepreneur can win the employees’ trust and respect, and create a more harmonious and stable development environment for the enterprise. Overall, “no-action” is a proactive management style that emphasizes making decisive decisions at critical moments while giving employees sufficient autonomy and room to unleash their potential. This management approach focuses on long-term planning and the entrepreneurs’ personal qualities, which can create a more stable and harmonious development environment for the enterprise. Therefore, “no-action” cannot be simply seen as a passive management style.

## **2 LAO TZU’S MANAGEMENT PHILOSOPHY IN THE CONSTRUCTION OF ENTERPRISE SPIRIT AND CULTURE**

### **2.1 MANAGEMENT PHILOSOPHY OF “NO-ACTION”**

The essence of the “no-action”, advocated by Lao Tzu, is a management philosophy of non-interference, which advocates achieving enterprise management objectives through the management method of inaction with full respect for human nature. Lao Tzu believes that “Dao” is the foundation of “no-action”. In Lao Tzu’s view, the harmony of interpersonal relationships mainly depends on the “no-action” of management, which is embodied in non-interference.

“No-action” refers to giving full play to the people’s subjective initiative, without interfering in the employees’ work, on the premise of respecting them. This management concept coincides with the concept of respecting employees and valuing talents advocated by modern enterprises, which can improve employees’ work enthusiasm and efficiency to a certain extent, and is conducive to the enhancement of enterprise cohesion and centripetal force. Although “no-action” cannot directly guide employees’ practical activities, it can guide them through specific behaviors. Implementing “no-action” management within an enterprise can avoid interpersonal tensions and severe internal friction within the enterprise. From the perspective of the relationship between managers and the managed, managers should adhere to the principle of “doing something but not doing something” and achieve “doing nothing”.

Lao Tzu’s management philosophy, especially the concept of “governing by inaction,” emphasizes a natural and harmonious management approach. This is different from the

traditional management model that is guided by efficiency and profit maximization. Firstly, Lao Tzu's philosophy emphasizes the natural development of things, believing that excessive intervention can disrupt their natural balance. This has important implications for enterprise management, which is to respect the employees' natural growth rather than excessive control and oppression. By giving employees enough space and autonomy, companies can stimulate their creativity and work enthusiasm, thereby improving overall efficiency. Secondly, Lao Tzu's philosophy emphasizes long-term planning, believing that leaders should possess a global perspective and foresight. This means for enterprises to focus on sustainable development, rather than just pursuing short-term profits. Enterprises should consider long-term social and environmental impacts and formulate sustainable development strategies to ensure maximum long-term profits.

However, although Lao Tzu's philosophy emphasizes humanism and natural development, it does not mean that it opposes profit maximization. In fact, a company that focuses on employee welfare and sustainable development is more likely to achieve long-term profit maximization. Lao Tzu's philosophy provides a balanced perspective that enables companies to focus on employee welfare and environmental sustainability while pursuing profits.

## **2.2 DEVELOPMENT CONCEPT OF "ADVOCATING NATURE"**

Lao Tzu (2021, p. 10) wrote in the *Dao Te Ching*: "Man follows the earth; the earth follows the heavens; the heavens follow the Dao, and the Dao follows the nature". Man follows the earth's laws; the earth follows the heaven's laws; heaven follows the laws of the Dao, and the Dao follows nature. This means that man should follow the earth's laws; the earth should follow the heaven's laws; the heaven should follow the laws of the Dao, and the Dao should follow its own laws. The word "nature" here does not refer to the natural world, but to the laws and regulations that come naturally. The phrase emphasizes that everything in the world has its own laws and regulations, and that people should recognize and follow them, rather than blindly violating or destroying them.

"The 'Dao' is the fundamental law of all things in heaven and earth, and is also the code of conduct for human beings in society" (Wang, 2010, p. 37). Entrepreneurs should revere nature, respect laws and proceed from reality, just like Lao Tzu. Harmony between human beings and nature is a basic requirement for enterprise development (Han; Shim; Park, 2016, p. 281-290). Currently, the rapid development of China's economy cannot be separated from the consumption and destruction of natural resources. Enterprises should emphasize sustainable development in their production and operation activities (Sui, 2002, p. 17-18). If this point is ignored, it brings serious harm to enterprises and also affects the society's development. For example, excessive exploitation leads to the depletion of a large

amount of energy and mineral resources, resulting in a sharp deterioration of the ecological environment. Another example is the serious damage caused to the Earth's environment due to over exploitation of land resources and other activities. There are also food safety issues caused by the excessive use of chemicals in the production process, as well as food additives, industrial waste, etc. These issues are directly related to the people's health and life safety.

In the process of production and operations, enterprises should adhere to the principles of scientific development, with sustainable growth as their ultimate objective. This requires respecting the natural order and the inherent laws governing all things in nature, avoiding actions that harm the environment or compromise safety. Emphasizing corporate ethics, businesses should strive to minimize the environmental and resource impacts of their activities. Additionally, enterprises must align their growth strategies with objective realities, steering clear of short-sighted pursuits of rapid success or reckless expansion. As the guiding force and their organizations' leaders, entrepreneurs should embody the philosophy of "Dao follows nature" and actively contribute to sustainable development (Xiao, 2003, p. 34-36).

### **2.3 CORPORATE PHILOSOPHY OF "CONFORMING TO NATURE AND OVERCOMING HARDNESS WITH SOFTNESS"**

Lao Tzu's "Dao", to a certain extent, refers to "nature", which also contains three meanings. The first refers to the development laws of things. The second refers to the way in which everything in the universe is composed. The third refers to a state of existence in nature. The "Dao", mentioned by Lao Tzu in the *Dao Te Ching*, is actually telling people how to conform to nature and the operational laws of all things in the universe, and to be able to keep the development trend and state of things stable. He has also applied this "Dao" to modern management, which means that people should maintain a "no-action" state when managing enterprises and employees.

The so-called "no-action" is to conform to nature. Lao Tzu said, "The highest goodness is like water, and water is good at benefiting all things without competition" (Si; Han; Zhang, 2023, p. 369). Lao Tzu Compared Water To A Person With A Special Character and selfless dedication. He believed that water is best at nourishing all things without competing with them. In modern enterprises, it is also necessary to have such a spirit that a certain group often communicates with employees, listens to their ideas, and understands their difficulties and problems when operating the enterprise (Wouters, 1992, p. 229-252). At the same time, the company has many grassroots employees, who often provide some suggestions for the company's management reference. This concept of "conforming to nature" conforms to the spirit of modern corporate culture. In addition, Lao Tzu also emphasizes that "using softness to overcome hardness" is also of guiding significance for modern enterprises to maintain a

spirit of “combining hardness and softness” and “combining hardness and softness” when facing difficulties and pressures.

## **2.4 BUSINESS PHILOSOPHY OF “BEING VIRTUOUS AND CARRYING THINGS”**

The phrase “Carrying things with virtue”, from Lao Tzu, emphasizes the importance of morality in supporting and sustaining wealth. This concept highlights the relationship between a person’s virtue and their material success, advocating for the accumulation of wealth through ethical cultivation. In the realm of business philosophy, it reflects Lao Tzu’s naturalistic view on materialism. For entrepreneurs, this means that fostering a strong corporate culture and spirit is essential. Businesses should integrate the principle of “carrying things with great virtue” into their operational philosophies.

As China’s economy and society undergo a crucial phase of transformation, focusing on development, quality and efficiency, entrepreneurs must recognize the pivotal role of talent, capital and technology. Accelerating innovation and mastering core technologies are essential strategies for growth. Equally important is the cultivation of a strong corporate culture that enhances employees’ sense of identity and belonging, creating a harmonious relationship between the workforce and the enterprise.

Entrepreneurs should distill the essence of “virtue and material” from Lao Tzu’s teachings and align their corporate spirit with these values. The philosophy of “carrying things with great virtue” should become a shared vision across the organization, encouraging employees to embody and uphold the company’s cultural and spiritual values. Additionally, engaging employees in activities that enrich their spiritual and cultural lives — such as participating in community service — can foster a sense of recognition and respect within the company. This approach not only strengthens team cohesion and morale, but also enhances employee quality and overall corporate unity, thereby advancing the development of a robust corporate culture.

## **2.5 CORPORATE VALUES OF “DAO FOLLOWS NATURE”**

The “Dao”, in Lao Tzu’s “Dao De Jing”, represents the fundamental law governing the movement of all things in the universe, encapsulated in the idea that “Dao follows nature.” According to Lao Tzu, everything has its own inherent patterns of growth and transformation, which exist independently of human influence. Therefore, businesses must align with these natural laws and adhere to their developmental principles. While nature is external to humanity, enterprises are human creations and must, therefore, conform to

both natural and social laws. Entrepreneurs, in particular, should honor and respect these principles.

In business operations, this means avoiding practices that violate the society's and the nature's laws, or the ones of internal management. For example, long-term success requires businesses to prioritize employee welfare, ensuring a stable and motivated workforce. Likewise, protecting investor interests is crucial for sustainable growth. On a broader scale, markets require structure and regulation to manage resource allocation efficiently, and every enterprise must define its core values according to its unique characteristics. Entrepreneurs should internalize "Dao follows nature" as both a guiding principle and a value system. Lao Tzu's words, "[...] man follows the earth; the earth follows the heavens; the heavens follow the Dao, and the Dao follows nature" (Tang, 2023, p. 180), serve as a reminder that respecting these universal laws is vital for business success.

In practice, the natural laws, which entrepreneurs must respect, are often synonymous with the principles of market economics, including supply and demand dynamics, pricing mechanisms and competitive landscapes. Entrepreneurs need to be agile in responding to market shifts and should align their strategies with these economic forces. For instance, Apple continually adjusts its product offerings, such as the iPhone and iPad, to cater to consumer demand, driving commercial success. Similarly, Amazon refines its pricing strategies to optimize profits. These examples illustrate that, by respecting and following the rules of the market economy, companies can thrive and maintain a competitive edge. Adhering to these principles is essential for entrepreneurs to succeed in a fiercely competitive market environment.

### **3 PRACTICAL SIGNIFICANCE OF LAO TZU'S PHILOSOPHY OF MANAGEMENT**

#### **3.1 BUSINESS MANAGEMENT AND ENTERPRISE SPIRIT**

The entrepreneurial spirit is primarily reflected in innovation, adventure and risk-taking. Entrepreneurs should possess forward-looking thinking, be brave in exploring innovation and continuously seek new business models, technologies, or products. At the same time, they must embrace risk, face challenges with courage, and maintain firm beliefs and determination.

Leadership refers to a leader's ability to influence and motivate others. An excellent leader should possess foresight, decision-making ability and strong interpersonal communication skills. Leaders must set clear goals for their teams, develop feasible plans and unlock the team members' potential through effective communication to achieve common goals. Additionally, leaders should focus on the employees' growth and development, providing support and motivation to help them realize their self-worth.

Management, on the other hand, involves achieving organizational goals through planning, organization, command, coordination and control. In enterprise management, managers should prioritize goal management, human resource management and financial one. They must also address issues, such as strategic planning, organizational structure and institutional construction, to ensure efficient operations. In practice, managers should flexibly apply various management methods and tools based on the enterprise's actual situation, continuously improving their management capabilities.

While management and leadership both play crucial roles in organizational operations, they differ in several key aspects. First, in goal setting: management focuses on breaking down and executing specific and measurable goals (Ferreira; Reis; Pinto, 2017), whereas leaders emphasize inspiring the team's vision and sense of mission, encouraging employees to be self-driven. Second, in decision-making: management relies on data and facts, prioritizing risk control and stability, while leaders emphasize innovation and change, taking risks to drive organizational transformation. Third, in motivation: management uses clear rules, regulations and reward-punishment mechanisms, while leaders focus on intrinsic motivation, utilizing encouragement, recognition and training. Lastly, in conflict resolution: management resolves conflicts through established processes and rules, while leaders address underlying issues through communication, coordination and negotiation.

Integrating traditional wisdom, such as Lao Tzu's philosophy, with contemporary business practices provides a unique approach to leadership and management. For instance, the "management philosophy of no-action" (Wu Wei) advocates for leaders to adopt a more hands-off approach, allowing natural processes within the organization to unfold. This philosophy encourages leaders to trust their teams, fostering a culture of autonomy and creativity. Similarly, "advocating nature" emphasizes harmony and balance, aligning business practices with sustainable and ethical principles.

One example of Lao Tzu's principles in practice can be seen in companies that adopt decentralized management structures. By minimizing top-down control and empowering employees to make decisions, these companies create a more agile and responsive organization. Another case is businesses that prioritize sustainability, integrating ecological considerations into their operations, which reflects Lao Tzu's belief in following the natural order. These examples demonstrate that, by blending traditional wisdom with modern business practices, companies can cultivate a more innovative, resilient and ethically grounded approach to management and leadership.

### **3.2 APPLICATION AND SIGNIFICANCE OF LAO TZU'S PHILOSOPHY OF MANAGEMENT**



The practical significance of Lao Tzu's business philosophy in cultivating entrepreneurial spirit is profound. From a worldview perspective, Lao Tzu's "Dao follows nature" philosophy inspires entrepreneurs to follow market laws and grasp the internal development logic of things. In the rapidly changing market environment, entrepreneurs should have insight into the essence of things, guide them according to the situation, rather than blindly following the trend (Nevo, 2013). In terms of outlook on life, Lao Tzu's philosophy of "the highest goodness is like water, and water is good for all things and does not compete" conveys a quality of humility and tolerance. Entrepreneurs should possess such qualities in their business operations, and be good at listening and accepting diversity, so as to gather team strength and create brilliance together.

In terms of values, Lao Tzu emphasizes "governing by doing nothing", which means not acting recklessly or forcefully, and allowing things to develop naturally. Entrepreneurs should uphold this concept in management, stimulate employees' self-motivation, and create a harmonious and innovative environment. At the same time, Lao Tzu believes that the simplest method is often the most effective, and entrepreneurs should learn to simplify complexity, point directly to the core and efficiently solve problems. In summary, Lao Tzu's business philosophy has indispensable practical significance for the cultivation of entrepreneurial spirit. Based on the above findings, this study concludes that Lao Tzu's philosophical ideas provide important theoretical guidance for cultivating a spirit of reconciliation and effective entrepreneurship. Entrepreneurs should deeply understand and apply these principles to better cope with the complex and ever-changing market environment, and promote the sustainable development of enterprises.

## CONCLUSIONS

The conclusion of the study highlights the significant alignment between Lao Tzu's management philosophy and modern entrepreneurial values, particularly in areas, such as natural development, innovation, employee empowerment and social responsibility. However, a clearer restatement of the primary findings of the study and implications for contemporary business practices would strengthen the conclusion.

To address this, the conclusion should summarize how Lao Tzu's concept of "no-action" – which advocates for minimal intervention and allowing natural development – parallels modern entrepreneurial approaches that emphasize innovation, open-mindedness and fostering employee self-realization. This connection underscores the relevance of Lao Tzu's philosophy in today's business environment.

Additionally, the conclusion would benefit from a discussion on the practical applications of integrating Lao Tzu's principles into modern management strategies. For

example, companies could implement “no-action” by encouraging autonomous decision-making and innovation among employees, thereby fostering a culture of creativity and growth. Furthermore, case studies, such as Apple’s focus on employee empowerment and environmental stewardship or Amazon’s emphasis on innovation and market adaptability, could illustrate how Lao Tzu’s principles can be successfully applied in contemporary business settings. By including these elements, the conclusion would offer a more comprehensive perspective on how Lao Tzu’s philosophy can guide modern entrepreneurs in achieving sustainable success.

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