



# Double-Dimensional Research on the Influence of Confucian Culture on Enterprise Resilience

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**Abstract.** Existing studies focus on formal systems, ignoring the implicit role of informal systems in corporate governance. This paper takes Confucian culture as the core informal institutional factor and empirically tests its enabling mechanism on corporate two - dimensional resilience. Using panel data of A - share listed companies from 2010 to 2023, it adopts text analysis to construct the intensity index of Confucian culture. The results show that Confucian culture significantly improves enterprises' rebound recovery and transcendence improvement resilience. Mechanistically, it constructs resource buffer and consolidates relational trust to strengthen rebound recovery, and restrains management myopia and drives ESG practices to promote transcendence improvement. Further analysis shows that Confucian culture has an alternative effect in regions with weak legal environment and a synergistic effect when combined with foreign cultures. These effects are more prominent in non - state - owned, high - tech and enterprises in economic agglomeration areas. This paper provides micro empirical evidence for the creative transformation of traditional culture in corporate governance.

**Keywords:** Enterprise Resilience; Confucian Culture; Resource Buffer; Long-termism;

## 1 Introduction

At present, the global economic pattern is adjusting profoundly. Geopolitical conflicts, industrial chain fluctuations and technological iterations break the stable operating environment of enterprises. The extensive development model relying on a stable market is no longer adaptable, making enterprises prone to resource fracture, cooperation collapse and operational stagnation. In this context, enterprise resilience has become a core competitiveness and a key research topic in corporate governance.

Governments help enterprises improve risk resistance through formal means. However, there are significant differences in crisis recovery and breakthrough capabilities among enterprises under the same institutional environment, and formal systems cannot fully explain the endogenous differences in enterprise resilience. According to new institutional economics, informal systems represented by cultural values subtly shape corporate decision - making and operating behaviors, affecting enterprises' dynamic risk resistance capabilities.

Confucian culture, as the core carrier of traditional Chinese excellent culture, has been integrated into local enterprises' governance system. Its core concepts are consistent with the demands of enterprise resilience cultivation. The national strategy provides policy support for traditional culture empowering modern corporate governance. But existing studies lack systematic interpretation of the multi - dimensional enabling mechanism of Confucian culture on enterprise resilience and ignore the differential characteristics of resilience, resulting in research gaps.

Based on the two - dimensional resilience perspective, this paper takes 14 - year panel data of A - share listed companies as samples to test the influence, transmission path, boundary conditions and heterogeneity of Confucian culture on enterprise resilience. The marginal contributions are: expanding the antecedent research of enterprise resilience from the perspective of informal institutions; clarifying the dual paths of Confucian culture empowering two - dimensional resilience and constructing a "culture - behavior - capability" framework; revealing the interactive boundary between Confucian culture, formal systems and foreign cultures; providing practical evidence for traditional culture to empower enterprise resilience governance.

## **2 Literature Review**

### **2.1 Economic Consequences of Confucian Culture**

Confucian culture is a core informal institution adapted to China's local context. After long-term evolution, it forms a complete ethical system and profoundly affects corporate operation and market behaviors. Existing studies show it can supplement formal institutions' shortcomings and optimize corporate operating behaviors. In corporate governance, Confucian concepts of integrity and moderation alleviate agency conflicts, restrain management opportunism and reduce risks. [1-3]In innovation development, its pragmatic and far - reaching philosophy guides enterprises to focus on long - term technological accumulation and improve innovation quality. In social responsibility, the concepts of harmony between human and nature and benevolent governance promote enterprises to practice green development, [4]fulfill social responsibilities and improve ESG performance and information disclosure quality. However, current researches mainly focus on Confucian culture's impact on static corporate behaviors, lacking discussions on its enabling effect on enterprises' adversity response and dynamic resilience from the dynamic capabilities perspective. The in - depth mechanism of culture empowering enterprises' long - term sustainable development remains insufficiently explored.

### **2.2 Research on Enterprise Resilience**

Originating from ecology, enterprise resilience was introduced into management research and has formed narrow and broad research perspectives. The narrow perspective defines resilience as a passive recovery capability of returning to the initial state after risk impact, focusing only on short-term steady-state maintenance. The broad perspective regards enterprise resilience as a multi-dimensional dynamic capability

system covering risk resistance, [5]dynamic adaptation and adversity transcendence, including both short-term crisis recovery and long-term capability upgrading, which is more adaptable to complex and changeable market environments.[6]

Based on resource-based view and dynamic capability theory, existing studies explore the improvement paths of enterprise resilience from explicit factors such as technological innovation, resource reserve, corporate governance and industrial chain collaboration, while ignoring the implicit shaping effect of culture and ethics.[7] In general, the correlation mechanism between Confucian culture and two-dimensional enterprise resilience has not been empirically tested, which is the core research gap of this paper.[8]

### **3 Theoretical Analysis and Research Hypotheses**

#### **3.1 Theoretical Foundation**

This paper constructs a research framework based on dynamic capability theory and social governance theory. Dynamic capability theory emphasizes that enterprises adapt to external uncertainties through resource integration and capability iteration. [10]The risk prediction and long-term layout concepts of Confucian culture make up for the limitation of Western dynamic capability theory that overemphasizes efficiency while ignoring ethics, balancing enterprises' short-term benefits and long-term risks. Social governance theory advocates multi-subject collaborative symbiosis. Confucian concepts of integrity, harmony and benevolence help enterprises build stable internal and external relational networks, form adversity buffer barriers and provide relational support for resilience cultivation.[9]

#### **3.2 Confucian Culture and Enterprise Rebound Recovery Resilience**

Rebound recovery resilience refers to the short-term capability of enterprises to restore operational stability after external shocks, which mainly relies on resource buffer and relational stability. Confucian culture empowers this dimension of resilience through two paths.

In terms of resources, the Confucian concept of "being prepared for danger in times of peace" guides enterprises to establish forward-looking risk awareness, abandon short-term radical profit-seeking behaviors, actively reserve financial and resource redundancy, and control operational leverage reasonably. Enterprises accumulate sufficient reserves during stable development periods to ensure the operation of core businesses during risk shocks, avoiding operational crises caused by resource fracture and supporting rapid steady-state recovery.[10]

In terms of relationships, the Confucian ethical criterion of "integrity-based and harmonious coexistence" stabilizes internal and external cooperative relationships. Internally, it builds harmonious labor relations, improves employees' sense of belonging and loyalty, and reduces talent loss during crises. Externally, enterprises adhere to integrity performance and long-term reciprocity, build high-viscosity cooperative relationships with upstream and downstream partners, and reduce operational losses

caused by cooperation rupture during crises. Based on the above analysis, this paper proposes the following hypothesis:[11]

H1: Confucian culture positively improves enterprise rebound recovery resilience through two mediating paths: resource buffer and relational trust.

### **3.3 Confucian Culture and Enterprise Transcendence Improvement Resilience**

Transcendence improvement resilience is an advanced capability for enterprises to break development bottlenecks and realize capability upgrading in adversity, which relies on long-term capability accumulation and external ecological advantages. Confucian culture effectively empowers the development of this dimension.[12]

In terms of long-term development, the Confucian long-term orientation of “pursuing far-reaching goals” restrains management myopia, guides managers to break the constraints of short-term performance, and continuously increase long-term investments in R&D innovation and talent cultivation to accumulate core competitiveness. During industry crisis reshuffling, enterprises with long-term technological accumulation can seize industry integration opportunities to realize business reconstruction and technological upgrading, breaking the original development limitations[13]

In terms of ecological construction, the Confucian symbiosis concept of “benevolence for people and harmony between human and nature” promotes enterprises to abandon the single profit-oriented logic, actively practice ESG and social responsibility, and adhere to green development. High-quality ESG performance helps enterprises accumulate social capital,[9] enhance brand reputation, obtain market and policy resources, build differentiated ecological advantages, and support leapfrog development in adversity. Based on the above analysis, this paper proposes the following hypothesis:

H2: Confucian culture positively improves enterprise transcendence improvement resilience through two mediating paths: restraining management myopia and optimizing ESG practices.,[14]

## **4 Research Design**

### **4.1 Sample Selection and Data Sources**

This paper selects A-share listed companies in China from 2010 to 2023 as research samples. Financial enterprises, ST/\*ST enterprises and samples with missing core data are excluded. All continuous variables are winsorized at the 1% and 99% quantiles to eliminate the interference of extreme values. Finally, 26,344 firm-year valid observations are obtained. The Confucian culture index is constructed through annual report text word frequency analysis. Corporate financial, governance and ESG data are derived from CSMAR and CNRDS databases, and regional macro data are collected from China Statistical Yearbook.

## 4.2 Variable Definition

### (1) Dependent Variable: Enterprise Resilience (Res)

A two-dimensional resilience evaluation system is constructed, and the comprehensive resilience index is calculated by the entropy method. The rebound recovery dimension includes quick ratio, resource redundancy and return on assets to measure crisis recovery capability. The transcendence improvement dimension includes total asset growth rate, operating revenue growth rate and net profit growth rate to measure adversity upgrading capability.[10] The higher the index value, the stronger the enterprise resilience.

### (2) Independent Variable: Confucian Culture (Confu1)

Based on the core vocabulary database of “benevolence, righteousness, propriety, wisdom and trust”, this paper calculates the proportion of core vocabulary word frequency in listed companies’ annual reports to measure the infiltration degree of Confucian culture. The number of Confucian temples around the enterprise registration place is adopted as the alternative indicator in robustness tests to ensure result reliability.[15]

### (3) Control Variables

Enterprise-level control variables include enterprise size, enterprise age, property right nature, asset-liability ratio, growth, board size, duality of chairman and CEO, executive stability, institutional shareholding and Big Four audit. Regional control variables include regional education level and urban grade. Firm fixed effects and year fixed effects are controlled simultaneously.

## 4.3 Model Setting

A two-way fixed-effect benchmark regression model is constructed to test the impact of Confucian culture on enterprise resilience:

$$Res_{i,t} = \beta_0 + \beta_1 Confu1_{i,t} + \sum Controls_{i,t} + Firm + Year + \varepsilon_{i,t} \quad (1)$$

In formula (1),  $Res_{i,t}$  represents enterprise resilience,  $Confu1_{i,t}$  represents the intensity of Confucian culture,  $Controls_{i,t}$  represents control variables, Firm and Year represent fixed effects, and  $\varepsilon_{i,t}$  represents random disturbance term.

## 5 Empirical Results and Analysis

### 5.1 Descriptive Statistics

Descriptive statistical results show that the mean value of enterprise resilience is 0.003 with a standard deviation of 0.158, indicating significant individual differences in sample enterprise resilience. The mean value of Confucian culture is 0.019 with a standard deviation of 0.006, reflecting obvious differentiation in cultural infiltration degree among enterprises. The data distribution is reasonable and meets the requirements of empirical tests.

## 5.2 Benchmark Regression Results

After gradually incorporating control variables and two-way fixed effects, the regression coefficient of Confucian culture is always significantly positive at the 1% level, which verifies that Confucian culture can significantly improve the overall resilience of enterprises, and the core research hypotheses are initially established.

## 5.3 Endogeneity and Robustness Tests

To alleviate endogeneity bias, this paper adopts instrumental variable method, PSM propensity score matching and Heckman two-stage model for correction, and the core conclusions remain stable. Meanwhile, robustness tests are carried out by replacing core variables, lagging independent variables and supplementing industry fixed effects. All results confirm the reliability and stability of the research conclusions.

## 5.4 Mechanism Test

To verify the mediating mechanism of Confucian culture on enterprise resilience, this paper constructs the intermediary effect model:

$$Mech_{i,t} = \beta_0 + \beta_1 Confu1_{i,t} + \sum Controls_{i,t} + Firm + Year + \varepsilon_{i,t} \quad (2)$$

In formula (2), Mech represents mediating variables including corporate cash holding, supplier stability, customer stability, management myopia and ESG performance. The test results fully verify the dual-path enabling mechanism. Confucian culture improves resource reserves and stabilizes supply chain relationships to enhance rebound recovery resilience; it restrains management myopia and optimizes ESG performance to drive transcendence improvement resilience, which fully validates H1 and H2.

## 5.5 Moderating Effect Test

**Institutional Substitution Effect.** The interaction term between Confucian culture and regional legal environment is significantly negative. In regions with weak legal construction and imperfect formal systems, Confucian culture makes up for the shortcomings of formal governance and strengthens the enabling effect on enterprise resilience, presenting a significant institutional substitution effect.

**Cultural Synergy Effect.** The interaction term between Confucian culture and executives' overseas background is significantly positive. The integration of local Confucian traditional culture and overseas advanced modern governance concepts produces synergistic gains, further improving enterprise resilience.

## 5.6 Heterogeneity Analysis

**Property Right Heterogeneity.** The enabling effect of Confucian culture is more significant in non-state-owned enterprises. Non-state-owned enterprises have flexible governance mechanisms and independent decision-making, which can better transform cultural ethics into enterprise risk resistance capabilities.

**Industry Heterogeneity.** High-tech enterprises show stronger enabling effects. The long-cycle and R&D-oriented characteristics of high-tech industries are highly compatible with the long-term development concept of Confucianism, which can effectively restrain short-term speculation and support technological iteration and adversity breakthrough.

**Regional Heterogeneity.** Enterprises in economic agglomeration areas have more prominent effects. The collaborative atmosphere of industrial clusters amplifies the cultural value of Confucian harmony and integrity cooperation, strengthening the overall resilience of enterprises.

## 6 Conclusions and Implications

### 6.1 Research Conclusions

Based on the panel data of A-share listed companies from 2010 to 2023, this paper systematically explores the influence mechanism and boundary conditions of Confucian culture on two-dimensional enterprise resilience. The conclusions are as follows: first, Confucian culture significantly improves enterprises' rebound recovery and transcendence improvement resilience, serving as a core endogenous cultural driving force for resilience cultivation; second, Confucian culture empowers short-term crisis recovery through resource buffer and relational trust, and drives long-term capability upgrading by restraining management myopia and optimizing ESG practices; third, Confucian culture has dual effects of institutional substitution and foreign cultural synergy; fourth, the cultural enabling effect is more significant in non-state-owned enterprises, high-tech enterprises and enterprises in economic agglomeration areas.

### 6.2 Practical Implications

At the enterprise level, enterprises should deeply explore the modern governance value of Confucian culture, integrate the concepts of risk prevention, integrity abidance, long-term development and social responsibility into operational decisions, and build dual competitive advantages of risk resistance and adversity upgrading. At the government level, promote the creative transformation of traditional culture, improve market-oriented legal systems, and construct a collaborative governance pattern of cultural flexible governance and institutional rigid constraints. At the industry level, advocate the industry culture of integrity, symbiosis and long-term dedication, guide enterprises to abandon extensive short-term development models, and cultivate core competitiveness based on local cultural genes.

### 6.3 Research Limitations and Prospects

This paper adopts text word frequency to measure the intensity of Confucian culture, which cannot accurately reflect the actual implementation effect of corporate internal culture. Besides, the differentiated effects of sub-dimensions of Confucian culture are not discussed. Future research can optimize the measurement of cultural indicators with survey data and subdivide the sub-dimensions of Confucian culture to further enrich the research on informal institutions and enterprise dynamic capabilities.

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