

The Role of Confucian Culture for Economic Development: Promoting Corporate Resilience from Crisis?

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Abstract

While Confucian culture (CC) due to its conservative nature may hinder risk-taking behaviour such as starting a business or innovation, it could help business recovery from crisis such as earthquakes or pandemics. Using evidence from China, we undertake a series of identification strategies to document that CC causally promotes a firm's corporate resilience (CR) amid crisis. Causal mediation analysis shows this is achieved through increasing the firm's internal control; in contrast, moderation effect estimates indicate that external control proxies causally weaken the promotional effect of interest, thereby indirectly confirming the effectiveness of internal control.

Keywords: Confucian culture, organizational resilience, internal control, Asian business

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