



## Modern management interpretation and integrated model of the legalist thought of Fa, Shu and Shi

Dr. Lung-Tan Lu

Department of Management, Fo Guang University, Taiwan

### Abstract

This paper aims to systematically explore the pre-Qin Legalist thought, especially the modern management implications of Han Feizi's core concepts of Fa (law), Shu (method), Shi (power) and the "rationality of reward and punishment", and construct an integrated theoretical framework. The study finds that Legalist thought takes the human nature assumption of "seeking profit and avoiding harm" as its starting point, and its three elements of Fa, Shu and Shi can be translated into three core dimensions of modern organizational design—the institutional norm dimension (Fa), the performance control dimension (Shu), and the power allocation dimension (Shi). These three form a closed-loop governance logic of "institution-supervision-authority-institutional reinforcement". On this basis, the Legalist theory of reward and punishment has a profound structural similarity with modern management tools such as the behaviorist reinforcement theory, Management by Objectives (MBO), and Key Performance Indicators (KPI). Moreover, its proposition of "the law does not favor the noble" enters into a dialogue with the procedural justice and distributive justice dimensions in the organizational justice theory. However, Legalist thought also has inherent limitations: neglect of intrinsic motivation, inhibition of innovative activities, and dilemmas in the management of knowledge workers. Accordingly, this paper proposes the Balanced Institutional Model, advocating the integration of the value care of humanistic management on the basis of Legalist institutional rationality. Through the dynamic balance between the rigid institutional layer (defining the bottom line) and the flexible empowerment layer (stimulating potential), the model simultaneously reduces agency costs, trust costs and coordination costs. This paper makes a theoretical contribution to the modern translation of Eastern management thought and also provides a practical path for contemporary enterprises to seek a balance between efficiency and humanity.

**Keywords:** Legalist thought, organizational design, institutional rationality, reward and punishment mechanism, performance management, organizational justice

### Introduction

In the highly competitive and digitally transformed contemporary business environment, how enterprises establish a stable and efficient organizational structure has always been a core issue in management research. Since Max Weber proposed the bureaucratic theory, institutional rationality and impersonal rules have been regarded as the foundation for the operation of large organizations (Weber, 1978) [26]. However, the ideological pedigree of institutional rationality is not unique to the West. As early as the Warring States Period, Han Fei put forward a governance framework centered on Fa, Shu and Shi. The practice of this ideological system in the Qin State demonstrated astonishing institutional effectiveness: Shang Yang implemented reforms in the Qin State, transforming a once weak border state into a powerful regime that unified the six kingdoms. Its core logic does not rely on moral education but on institutional construction and clear rewards and punishments—a structural similarity that resonates deeply with the institutional design logic relied on by modern enterprises when facing the challenges of large-scale, complex and cross-regional management.

The social disorder of the "collapse of rites and music" in the Warring States Period has a metaphorical correspondence with the environmental uncertainty faced by contemporary enterprises. As Wang (2024) [25] pointed out, Han Feizi's theory of bureaucratic governance includes two levels: first, the regular governance of the bureaucratic system, establishing basic principles for the selection, assessment, reward and punishment, and supervision of bureaucrats; second, the key governance of senior officials,

aiming to prevent information blockage and smooth the channels of information flow. Regular governance focuses on "normativeness", emphasizing the "stability" of legal systems and laying stress on "governing affairs"; key governance focuses on "prevention", emphasizing the "flexibility" of power operation and laying stress on "governing people". This analytical framework has important enlightening significance for understanding the dual governance needs of modern enterprises: the normativeness of daily operations and the flexibility of responding to changes. For contemporary enterprises, challenges such as global competition, accelerated technological iteration, and changes in the labor structure also call for a governance system that can provide stable expectations, effective control and flexible adaptation. Ma and Tsui (2015) pointed out that in the context of global leadership research, re-examining the traditional philosophies of Confucianism, Taoism and Legalism is conducive to the development of indigenous management theories and enriches the global management knowledge system. This viewpoint provides an important academic positioning for this paper.

### Literature Review

The systematic theory of Legalist thought is represented by the Han Feizi as a comprehensive compilation. Academic circles generally believe that the core contribution of Legalism lies in the conscious construction of institutional rationality and power structure (Pines, 2013) [21]. Legalism did not emerge out of thin air but was a product of social transformation in the Warring States Period: with the

improvement of production tools, productivity increased significantly, the original well-field system and enfeoffment system could no longer adapt to the needs of social development, and changes in economic relations directly led to the transformation of political relations (Zheng & Hu, 2009) <sup>[30]</sup>. In recent years, research on Legalist thought has shown a trend of diverse perspectives and interdisciplinary integration. He (2025) analyzed the Legalist thought of punishment from the perspective of the history of legal thought, pointing out that the human nature theory of "seeking profit and avoiding harm" and monarch-centered doctrine constitute the theoretical and political basis of the Legalist thought of punishment respectively, but there is a tension between the human nature theory and monarch-centered doctrine, making the Legalist proposition of punishment full of inherent conflicts between instrumental rationality (institutional effectiveness) and value rationality (individual rights). This analysis reveals the inherent contradictions of Legalist thought and has important enlightenment for the critical translation of Legalist thought. From the perspective of the history of political thought, Wang (2024) <sup>[25]</sup> explored the inherent logic of Han Feizi's theory of bureaucratic governance, pointing out that "enlightened monarch → governing officials and people → the most peaceful society" is an important logic contained in Han Feizi's theory of bureaucratic governance, reflecting the thinking paradigm of "achieving the Dao through the monarch" in ancient China. This analysis helps to understand the inherent connection between authority, institution and governance goals in Legalist thought. Du (2022) specially discussed the Legalist thought of "governance by Shi", pointing out that Shi refers to the tendency of movement and change of things based on certain conditions, and this tendency can contain or generate a kind of power. The Legalists applied Shi to the basic political process of the generation, acquisition and operation of power: first, they achieved the monarch's "positional Shi" by grasping the general trend of heaven and earth, the trend of society and the state of people's minds, and transformed it into formal political power; then they used the method of Shu to hold power and construct the "authoritative Shi" of power to maintain political stability; finally, they operated power through the way of "governance by Fa" and created the "governing Shi" of the state on the basis of political stability. This research provides an important reference for understanding the inherent logical relationship among Fa, Shu and Shi. Lu (2025) explored the disciplinary logic and governance practice in pre-Qin Legalist thought from the perspective of political philosophy, pointing out that the Legalists mainly used external disciplinary mechanisms and social governance methods such as interest induction, social supervision and punishment restraint to suppress the emotion of "resentment". He also pointed out that because the Legalists only focused on external discipline and lacked emotional induction, their governance effect went to the opposite after losing specific historical conditions. This analysis has important value for understanding the historical applicability and modern translation boundary of Legalist thought.

The theoretical starting point of Legalist thought is a realistic understanding of human nature. Zheng and Hu (2009) <sup>[30]</sup> systematically sorted out the Legalist theory of human nature, pointing out that based on their insight into human nature, the Legalist scholars advocated governing the

world and the state with severe punishments and strict laws. They found that human nature is inclined to profit, and everyone acts for their own interests. The Legalists did not regard human beings' pursuit of interests and weighing of advantages and disadvantages as evil acts to be prohibited; instead, they required following human nature, inducing people to abide by the law with great benefits (rewards) and punishing people for violating the law with great harms (punishments). Han Feizi made an incisive exposition on this: "Humans have no fur or feathers; without clothes, they cannot withstand the cold. They are not connected to heaven above nor rooted in earth below, and take the intestines and stomach as the foundation; without food, they cannot survive. Therefore, they cannot avoid the desire for profit." (Han Feizi-Interpreting Laozi). This passage reveals the existential foundation of human nature's inclination to profit—human beings must pursue interests for survival. The Legalists further pointed out that this nature of seeking profit and avoiding harm exists not only among ordinary people but also in the monarch-minister relationship: "Ministers exert their utmost efforts to trade with the monarch, and the monarch offers official ranks and emoluments to trade with ministers." (Han Feizi-Refutation I), the monarch-minister relationship is nothing more than a relationship of interest exchange. It is worth noting that the Legalists' understanding of human nature has a structural similarity with the "rational economic man" assumption in Western economics, but there are also essential differences. The rational economic man assumption emphasizes that individuals pursue utility maximization under constrained conditions, while the Legalists place this self-interested nature in the framework of monarchical centralization for utilization and control (Li, 2023).

The concept of rational-legal authority proposed by Max Weber (1978) <sup>[26]</sup> provides a classic framework for understanding the institutional foundation of modern organizations. Weber summarized several characteristics of rational-legal authority: operation based on written rules, clear division of responsibilities, hierarchical power structure, and impersonal execution logic. These characteristics have an astonishing structural similarity with the Legalist proposition of "the law does not favor the noble, and the measuring rope does not bend for the crooked" (Han Feizi-Having Authority). However, bureaucracy has also exposed inherent drawbacks in practice: rigid inefficiency, lack of internal motivation, and alienation of the management layer. Weber himself realized that pure instrumental rationality may lead to an "iron cage of rationalization", trapping human beings in a cold logic of efficiency. The relationship between Legalist thought and bureaucracy is not a simple correspondence but requires a more detailed analysis—Legalist thought may supplement bureaucracy in some aspects and amplify its drawbacks in others. B. F. Skinner's (1953) <sup>[23]</sup> operant conditioning theory holds that the consequences of behavior determine the frequency of the behavior in the future: positive reinforcement (giving rewards) increases the frequency of behavior, negative reinforcement (removing aversive stimuli) also increases the frequency of behavior, while punishment (giving aversive stimuli or removing rewards) reduces the frequency of behavior. This theory echoes the Legalist thought of "the two handles of reward and punishment". Victor Vroom's (1964) <sup>[4]</sup> expectancy theory further reveals the cognitive mechanism of motivation: an

individual's willingness to act depends on the product of three factors—expectancy (whether effort can lead to performance), instrumentality (whether performance can lead to rewards), and valence (the value of rewards to the individual). From this perspective, the Legalist design of reward and punishment is actually strengthening the instrumental cognition of "performance → reward", and at the same time amplifying the valence of rewards through "generous rewards and severe punishments". Edward Deci's (1971) [3] classic experiment shows that external rewards may weaken intrinsic motivation: when people receive external rewards for activities they originally engage in out of interest, their intrinsic interest in the activities instead decreases. This finding challenges the universality of the behaviorist reinforcement theory and also reveals the potential risks of relying solely on external incentives.

Peter Drucker's (1954) [5] "Management by Objectives (MBO)" emphasizes that managers should set goals jointly with subordinates and regularly review the achievement of goals. Locke and Latham's (2002) [16] goal-setting theory further reveals the characteristics of effective goals: specificity, challenge, attainability, and feedback mechanism. The contemporary popular OKR (Objectives and Key Results) management tool also reflects the logic of correspondence between goals and results. Kaplan and Norton's (1996) [13] Balanced Scorecard introduces multiple dimensions such as finance, customers, internal processes, and learning and growth on the basis of a single performance indicator. These modern management tools have a profound ideological affinity with the Legalist assessment principle of "holding people accountable for their words and deeds". John Adams' (1965) [1] equity theory first focused on the issue of distributive justice, holding that individuals compare their input-output ratio with that of others, and will experience psychological imbalance if they perceive unfairness. Jerald Greenberg (1990) [9] made a systematic review of organizational justice research and developed it into a mature academic field. Jason Colquitt (2001) [2] further divided organizational justice into four dimensions: distributive justice (fairness of outcomes), procedural justice (fairness of decision-making processes), interpersonal justice (degree of respect treated in the implementation process), and informational justice (sufficient communication of decision-making information). This framework provides an important reference for understanding the Legalist view of institutional fairness of "the law does not favor the noble".

Xie, Yu and Xie (1997) [27] explored the relationship between Han Feizi's thought of Shu and modern human resource management using content analysis, finding that Han Feizi's theory takes "self-interest" as the basic assumption and "influencing and controlling subordinates" as the goal, and develops a "supervision and control-oriented" human resource management system. The study pointed out that Han Feizi's individual-centered institutional design and emphasis on power-seeking behaviors within the organization are rare in modern human resource management theories, and these insights can indeed be used to solve some personnel problems in contemporary enterprises. In a paper published in *The Leadership Quarterly*, Ma and Tsui (2015) systematically explored the dialogue between the traditional philosophies of Confucianism, Taoism and Legalism and contemporary leadership theories. Through an interview analysis of fifteen

contemporary Chinese enterprise leaders, they found that traditional philosophy still has an important influence on modern leadership practice, and called on scholars to pay attention to cultural context and traditional wisdom in contemporary leadership research. Based on the trinity structure of Legalist Fa, Shi and Shu, Zhang and Chen (2016) [28, 29] integrated the modern management concept of team building, put forward three basic leadership activities of formulating systems, establishing authority and recruiting talents, and constructed an integrated leadership cycle model consisting of six forces: institutional power, executive power, authoritative power, influence, talent recognition power and foresight power. These studies provide a solid academic foundation for this paper, but also leave room for further deepening: most studies focus on conceptual analogy or analysis of a single dimension, and few construct a systematic integrated framework; the potential risks of Legalist thought and its integration with humanistic management still need to be further explored.

### **The Three-Dimensional Model of Fa, Shu, Shi and Organizational Design**

Based on the above literature review, this paper proposes a theoretical framework of the three-dimensional model of Fa, Shu, Shi and organizational design. The core proposition of this framework is that the three elements of Legalist thought—Fa, Shu and Shi—can be systematically translated into three core dimensions of modern organizational design: the institutional norm dimension, the performance control dimension and the power allocation dimension. These three are not independent of each other but form a mutually reinforcing closed-loop system. First, the primary role of Fa establishes operational limits together with behavior expectations which enable organizations to operate through established regulations instead of depending on personal judgment. Organizations in today's world uses written rule systems to define their organizational structure, job roles and operating procedures and employee guidelines and performance evaluation systems (Li Tang iHR, 2025) [14]. The management function of this system enables organizations to establish predictable behavior patterns which help them minimize their operational expenses for coordination and transaction handling. Second, Shu performs three main functions through its core system which monitors actions while assessing outcomes and gathering data to ensure Fa rules receive proper implementation and to establish systems for recognizing achievements and handling disciplinary measures. Organizations in today's business environment use control and evaluation systems which include KPI and OKR systems with Balanced Scorecard and internal audit and management accounting and talent inventory systems. The management function enables organizations to observe and evaluate behavior while solving agency problems which emerge from uneven information distribution. Third, Shi – Power allocation and leadership authority: The fundamental purpose of Shi establishes a power base which enables institutions and controls to produce actual compliance effects. The Legalists according to Du (2022) used Shi to build their political system which involved power creation and power acquisition and power management operations. The Legalists established their "positional Shi" through understanding how heaven and earth operated together with social patterns and human mental states. The Legalists

maintained their power through Shu which they used to build an "authoritative Shi" system. The Legalists exercised their power through Fa which led to the development of a "governing Shi" system for state control. Organizations today show this factor through their official power systems which include their organizational structure and their permission systems and their reporting lines and their professional respect and their personal magnetism. The management system functions to link human actions under institutional rules while providing energy blockers which stop institutional operations from happening.

Fa, Shu and Shi form a closed-loop system. The institutions which exist as Fa determine social conduct rules but their performance depends on Shu supervision to achieve their goals; Shi authority functions as a basis which enables supervisors to perform their work through their power to enforce rules and their ability to gain trust; institutions need to establish their own definition for authority which must stay within legal boundaries to stop it from turning into individual power. The system of effective supervision and authority will create a positive cycle which will boost institutional legitimacy together with executive power. Wang's (2024) [25] analysis of Han Feizi's theory of bureaucratic governance provides an important reference for understanding this closed-loop logic. Han Feizi established two governance systems through his bureaucratic model which operates at different levels of authority. The first system establishes fundamental rules which direct bureaucratic worker selection together with their evaluation and their reward system and their disciplinary measures and their monitoring processes to build the institutional base which supports bureaucratic political operations. The second system works to stop top officials from blocking information while it creates effective paths for information distribution. The legal framework under regular governance maintains its focus on normativeness because it works to sustain the stability which defines legal systems. The system operates through key governance which applies prevention methods to maintain power system flexibility. The system operates based on "normativeness of Fa" together with "controllability of Shu" according to the three-dimensional model presented in this paper. The closed-loop system which Legalist philosophy presents shows that institutions (Fa) need supervision (Shu) to become more than mere words; supervision becomes personal preference when it operates without an institutional foundation; authority will become arbitrary when it operates without institutional boundaries and proper supervisory systems. Han Fei developed his governance theory by combining these three elements into a complete system of governance. This three-dimensional model has the following analytical values: first, it provides a systematic analytical framework that can be used to diagnose the integrity and internal consistency of organizational design; second, it facilitates conceptual correspondence and dialogue with Western management theories; third, it can reveal the characteristics and problems of different organizations in institutional, control and authority allocation; fourth, it lays the foundation for the subsequent proposal of the Balanced Institutional Model.

#### **Fa: Institutional Design and Organizational Framework**

The core principles of Fa receive detailed explanation from Han Feizi in his work. First, the publicity of the law: "The law is written in books, established in government offices,

and promulgated to the people." (Han Feizi-Refutation III). People need access to laws because these rules enable them to recognize which actions they should follow and which ones they must avoid. Second, the clarity and stability of the law: "The law must be unified and stable." (Han Feizi-The Five Vermin), institutions need to maintain stability and unity because their systems require resistance to frequent modifications. Third, the universality of the law: "The law does not favor the noble, and the measuring rope does not bend for the crooked. The law functions as an absolute system which no intelligent person can escape and no courageous individual can fight against. The law applies equal punishment to all ministers who make mistakes while common people receive their deserved rewards." (Han Feizi-Having Authority). The rules treat all people the same way except when someone receives special privileges or an official exception. Fourth, the enforceability of the law: institutional design must consider the possibility of actual implementation, otherwise it will become empty talk. The principles all work toward establishing rule-based governance which replaces personal decision-making to achieve organizational stability and predictable outcomes. He (2025) pointed out that the Legalists abandoned the way of heaven and took human nature as the theoretical basis for institutional design, and their theory has a solid empirical foundation, so many of their assertions are full of insights. The Legalist institutional rationality operates through realistic understanding of human behavior because Han Fei believed people always chase after gains while staying away from risks so institutions need to develop based on this actual behavior instead of following perfect moral standards. The concept translation for modern organizational settings requires institutional design to operate through these essential dimensions which exist in institutions:

The organizational structure design represents Fa at its highest level because it establishes functional departments and business unit divisions and matrix structure configurations. The organizational structure establishes how powers distribute between responsibilities and reporting structures which enable coordination between different parts of the organization. Job descriptions at the micro level establish particular duties and workplace authority and position-specific requirements which organizations use to break down their general objectives into individual work tasks. The operational version of Fa exists through Standard Operating Procedures (SOP). Organizations achieve process standardization because they create uniform work methods which help them minimize process differences while maintaining product quality at consistent levels and they reduce the time needed for new staff members to reach operational proficiency. The institutional system contains various elements which include employee handbooks and performance management systems and compensation and welfare programs and promotion channel systems and other components. The organization follows particular institutions which operate as game regulations to direct member actions through rules which members need to follow and rules which they need to avoid (Li Tang iHR, 2025) [14]. The institutional design standards which modern organizations follow align closely with Legalist principles. All members who need to know about institutions must receive this information because procedural justice demands it and institutions will not work properly when people remain

unaware of their existence. Digital tools make the implementation of this principle more convenient, such as issuing institutions through systems and requiring electronic signature confirmation. The institutional rules need to present clear and specific details which will prevent arbitrary implementation while producing less internal organizational conflicts. The internal structure of institutions needs to demonstrate logical consistency between different institutions which should not create any contradictions; institutions need to follow established procedures to prevent variations which might emerge from human factors or changes in time. Organizations should maintain permanent institutional structures because members would lose their way yet these structures need to remain adaptable through scheduled evaluation systems which modify their structure based on environmental changes. The design of institutions requires architects to predict actual implementation expenses while taking into account real-world conditions because unrealistic institutions will probably harm institutional authority since they cannot be put into practice.

### **Shu: Management Control and Performance System**

Han Feizi's exposition on Shu takes "holding people accountable for their words and deeds" as the core proposition. "Shu means appointing officials according to their abilities, holding them accountable for their words and deeds, grasping the power of life and death, and assessing the abilities of all ministers." (Han Feizi·Defining Fa). This famous saying includes several key links: first, appointing officials according to their abilities (appointing based on competence); second, assessing actual performance according to job requirements (holding accountable for words and deeds); third, implementing rewards and punishments based on assessment results (grasping the power of life and death). This is actually a complete performance management process. From the perspective of modern human resource management, Xie, Yu and Xie (1997)<sup>[27]</sup> analyzed Han Feizi's thought of Shu, finding that Han Feizi's theory takes "self-interest" as the basic assumption and "influencing and controlling subordinates" as the goal, and develops a "supervision and control-oriented" human resource management system. Han Fei keenly realized that there are interest conflicts and information asymmetry between the monarch and ministers. Ministers may "obtain positions without ability", "gain wealth and honor without meritorious service", and "form cliques for personal gain" (Han Feizi·Loneliness and Indignation). Therefore, the monarch must have an effective method to distinguish loyalty from treachery, assess performance, and prevent deception. This is the function of Shu. It is worth noting that the Shu discussed by the Legalists includes two levels: one is the public method of appointment, removal and assessment, and the other is the secret power-seeking technique of the monarch to inspect subordinates. The former has institutional characteristics, while the latter has a strong personal color. This paper mainly focuses on the former, i.e., the performance management methods that can be institutionalized and proceduralized. Translating "holding people accountable for their words and deeds" into the context of modern organizations involves the following key mechanisms: The performance indicator system is a specific tool for "holding people accountable for their words and deeds". KPI (Key Performance Indicators) decomposes

organizational goals into quantifiable individual goals, while OKR (Objectives and Key Results) emphasizes goal alignment and result orientation. The Balanced Scorecard further expands the performance dimensions to finance, customers, internal processes, and learning and growth, avoiding behavior distortion caused by a single indicator (Kaplan & Norton, 1996)<sup>[13]</sup>. The talent assessment mechanism is a specific embodiment of "appointing officials according to their abilities". The competency model defines the knowledge, skills and qualities required for specific positions; talent inventory (such as the nine-box grid) classifies talents based on two dimensions of performance and potential, providing a basis for promotion, training and elimination. These mechanisms aim to realize "appointing people based on merit" and reduce the interference of "relationship-based allocation". Internal audit and control are key mechanisms to ensure the authenticity of performance information for "holding people accountable for their deeds". Without reliable performance data, holding people accountable for their words and deeds will become empty talk. Mechanisms such as internal audit, data verification and third-party inspection aim to ensure the authenticity and integrity of performance information. The application of digital systems makes data traceable and verifiable, greatly improving the credibility of information. The combination of incentives and constraints is a specific embodiment of "punishment and reward". Incentive mechanisms include short-term incentives (performance bonuses, real-time incentives), medium-term incentives (promotion, salary adjustment), and long-term incentives (equity, stock options); constraint mechanisms include Performance Improvement Plans (PIP), violation handling, non-compete agreements, etc. (Li Tang iHR, 2025)<sup>[14]</sup>. From the perspective of behavioral psychology, the theoretical basis of performance management lies in reinforcement theory. Skinner (1953)<sup>[23]</sup> pointed out that behavior is reinforced by its consequences—behaviors that are rewarded are more likely to be repeated, and behaviors that are punished are more likely to be reduced. Performance management is precisely to guide members' behavior toward organizational goals by systematically linking behavior with consequences. However, reinforcement theory also reveals the limitations of pure external reinforcement. Over-reliance on external rewards may weaken intrinsic motivation; punishment may arouse passive resistance rather than real behavior change. Lu's (2025) research pointed out that the Legalists mainly used external disciplinary mechanisms such as interest induction, social supervision and punishment restraint to adjust and restrict intrinsic moral emotions through external governance methods with heteronomous characteristics. This reminds us that performance management needs to strike a balance between external control and intrinsic motivation. While solving agency problems, performance control mechanisms may also produce unintended consequences. Excessive process control may stifle employee autonomy; indicator pressure may induce short-sighted behavior and even data fraud; frequent assessments may consume a lot of management energy and fall into the trap of "assessmentism". Herzberg *et al.*'s (1959)<sup>[11]</sup> two-factor theory points out that job satisfaction involves two types of factors: hygiene factors (salary, working conditions, interpersonal relationships) and motivator factors (achievement, recognition, the work itself). Pure rewards

and punishments (hygiene factors) are sufficient to eliminate dissatisfaction but not enough to drive high performance; real motivation comes from the sense of meaning and achievement of the work itself. This reminds us that performance management cannot stay at the level of "carrot and stick", but needs to pay attention to intrinsic incentive factors such as goal co-creation, autonomy and a sense of competence.

### **Shi: Sources of Authority and Power Allocation**

Shen Dao introduced the concept of Shi which states that virtue alone fails to control those who lack worth but power combined with position enables control of virtuous people. The monarch's virtue fails to control disobedient people but rulers who possess power and position can control all people including virtuous ones. The thought of Han Fei developed from previous ideas which he expanded through his focus on Shi as the essential basis for ruling power: "A man with talent but no Shi, even if he is virtuous, cannot control the unworthy. A short piece of wood stands on top of a towering mountain while it watches over the deep stream which stretches for a thousand ren—the wooden piece does not reach far but it sits at the highest point." (Han Feizi: Fame and Merit). Du (2022) created an organized explanation of Legalist beliefs about "governance by Shi" which defines Shi as the natural movement pattern that objects follow when conditions exist to either produce or contain power. The Legalists used Shi to manage political activities which involved creating and taking control of power and keeping it running: The monarch obtained "positional Shi" through their understanding of cosmic patterns and social trends and human emotions which they transformed into official political authority. The method of Shu enabled them to maintain control while they built the "authoritative Shi" system which preserved political stability. The state achieved political stability through their governance system which operated under the "governance by Fa" system to establish the "governing Shi" of the state. Legalist thought establishes Shi as its dominant concept which Shu and Fa serve as operational methods to achieve "governance by Shi".

Weber (1978)<sup>[26]</sup> established three distinct authority systems which include traditional authority that people follow because they respect old customs and established power structures, charismatic authority which people follow because they believe in the special qualities of a leader, and rational-legal authority which people follow because they obey laws and respect official positions. The Legalists defined Shi as a form of authority which matches the concept of rational-legal authority because its power derives from institutional authority rather than family background or individual appeal. Modern organizations possess authority systems which exceed Weber's simple three-part model because their power structures have evolved into more intricate systems. French and Raven (1959)<sup>[8]</sup> established five power bases which include coercive power that relies on punishment threats and reward power which operates through reward distribution and legitimate power which stems from official position and referent power which depends on personal identification and charismatic appeal and expert power which comes from specialized knowledge and professional expertise. Our classification system enables us to identify various organizational Shi sources at a more detailed level. Modern business organizations require these

three essential components for their authority systems to function. Organizations develop their authority systems through the establishment of three fundamental components which serve as their foundation. The system which organizations use to organize their departments determines staff authority levels and their ability to make decisions and perform duties and responsibilities. The system of power distribution becomes properly connected to staff responsibilities because organizations establish clear authorization protocols. Professional authority serves as a primary source of Shi during the knowledge economy era. Organizations now place increasing emphasis on expert power because their professional work systems have become more organized through time. The actual power to make technical decisions rests with technical experts who possess deep professional knowledge and senior engineers who lack management authority. Leaders develop their personal traits and behaviors which create their ability to lead through charismatic authority. Leaders who show personal charisma through their actions and words and their ability to care for others and their ability to plan for the future will build follower commitment through their personal attraction which stems from their behavior and not their official position.

Legalists supported monarchs who ruled from a single center but they understood that institutions needed to limit all types of power which people held in society. The eight maxims of Han Feizi explain that rulers can maintain their power through the establishment of laws and the proper use of names as control mechanisms. Organizations today build systems which balance power through their approach of distributing authority and duties and establishing reporting systems and audit controls and board monitoring to stop power misuse and money-making through unfair practices. The research by Ma and Tsui (2015) about modern Chinese business leaders shows that leaders who succeed in business can combine their understanding of Confucianism and Taoism and Legalism effectively. Leaders who want to succeed in business must combine their understanding of Confucianism with Taoist principles and Legalist organizational methods. Leaders who want to succeed in business must combine their understanding of Confucianism with Taoist principles and Legalist organizational methods. The research shows that leaders who want to succeed in business need to apply Confucian humanistic care and moral exemplarity while they learn to follow the natural flow of things through Taoist principles and use Legalist organizational methods to create structured discipline and institutional limitations. The system needs to find its perfect balance between various power sources which must work together to establish authority. In the digital age, the concept of Shi presents a new form. Data power has become an important source of power—individuals or departments that master key data have actual influence on decision-making. Du (2022) pointed out that "governance by Shi" is ultimately implemented as a set of "governance by Fa" model, reflecting the unity of theoretical logic and historical development. In the digital age, this insight means that the exercise of power must be combined with digital institutions to form sustainable and effective governance capacity.

### **The Two Handles of Reward and Punishment**

In Han Fei's theoretical system, reward and punishment are called the "two handles", i.e., the two major levers for the

monarch to control his subjects: "The only two handles by which an enlightened monarch guides and controls his ministers are punishment and virtue. What are punishment and virtue? Answer: Execution is called punishment, and reward is called virtue." (Han Feizi·The Two Handles). Han Fei put forward two core principles for the design of reward and punishment: first, "generous rewards and credible commitments, severe punishments and resolute implementation", and second, "rewards and praises go hand in hand, punishments and condemnations are implemented together". "Generous rewards and credible commitments" emphasizes that rewards must be generous and commitments must be fulfilled, so as to produce sufficient incentive effects; "severe punishments and resolute implementation" emphasizes that punishments must be severe and implemented firmly, so as to produce sufficient deterrent effects. Han Fei believed that: "Generous rewards make the desired gains be obtained quickly, and severe punishments make the hated acts be prohibited urgently. Therefore, why should those who want to govern hesitate to use generous rewards and severe punishments?" (Han Feizi·The Eight Maxims). The logic behind this is: since human behavior is driven by seeking profit and avoiding harm, the design of institutions should amplify the intensity of interests and harms, so as to effectively guide the direction of behavior. In addition, Han Fei also specially emphasized the unity and certainty of reward and punishment. The so-called "rewards and praises go hand in hand, punishments and condemnations are implemented together" means that formal rewards should be consistent with social praise, and formal punishments should be synchronized with social condemnation. If the two are inconsistent, for example, the punished instead gain social sympathy, or the rewarded instead suffer social contempt, the effectiveness of reward and punishment will be weakened.

A comparison between Han Fei's logic of reward and punishment and the behaviorist reinforcement theory of modern psychology reveals an astonishing structural similarity. Skinner's (1953) [23] operant conditioning theory holds that the consequences of behavior determine the frequency of the behavior in the future: positive reinforcement (giving rewards) increases the frequency of behavior, negative reinforcement (removing aversive stimuli) also increases the frequency of behavior, while punishment (giving aversive stimuli or removing rewards) reduces the frequency of behavior. Han Fei's "reward" corresponds to positive reinforcement, and "punishment" corresponds to punishment. More importantly, Han Fei emphasized "generous rewards and credible commitments, severe punishments and resolute implementation", which echoes Skinner's discussion on the schedule of reinforcement: definite and immediate reinforcement has a stronger behavior-shaping effect than indefinite and delayed reinforcement. Vroom's (1964) [4] expectancy theory further reveals the cognitive mechanism of motivation: an individual's willingness to act depends on the product of three factors—expectancy (whether effort can lead to performance), instrumentality (whether performance can lead to rewards), and valence (the value of rewards to the individual). From this perspective, the Legalist design of reward and punishment is actually strengthening the instrumental cognition of "performance → reward", and at

the same time amplifying the valence of rewards through "generous rewards and severe punishments".

### **Holding People Accountable for Their Words and Deeds**

"Holding people accountable for their words and deeds" is the core proposition of Han Fei's performance assessment thought. The so-called "words" refer to the official positions held by ministers, the responsibilities they assume, and the commitments they make; the so-called "deeds" refer to their actual work performance and achievements. Han Fei advocated that:

First, "When a minister presents his words, the monarch assigns tasks according to his words and holds him strictly accountable for the results of the tasks. If the results match the tasks, and the tasks match the words, then reward him; if the results do not match the tasks, and the tasks do not match the words, then punish him" (Han Feizi·The Two Handles). This classic exposition contains the following levels of implication: first, the participation of goal setting. Ministers "present their words", i.e., first state their propositions and commitments, and then the monarch assigns tasks according to their words. This approach endows the assessment criteria with a certain procedural legitimacy. Second, the principle of matching power and responsibility; The tasks assigned by the monarch correspond to the responsibilities assumed by the minister, and the minister's power matches his responsibilities. Third, result-oriented assessment; The core of assessment lies in "holding him accountable for the results", i.e., inspecting whether the actual achievements are consistent with the commitments. Reward those whose achievements match their words, and punish those whose achievements do not match their words. Han Fei also specially emphasized a seemingly counterintuitive principle: those who make big promises but achieve small results should be punished, and those who make small promises but achieve big results should also be punished. The reason is: "It is not that I am not pleased with great achievements, but that the harm of not matching words is greater than having great achievements." (Han Feizi·The Two Handles). This reflects Han Fei's ultimate pursuit of institutional certainty—the damage to the system of breaking commitments (even if the results are better) is far greater than the benefits brought by a single excess performance. The case of "the crown keeper adding clothes" recorded in the Han Feizi vividly illustrates this principle:

2. "Once King Zhao of Han got drunk and fell asleep. The crown keeper saw that the king was cold, so he put a coat on the king. The king woke up and was pleased, and asked his attendants: 'Who put the coat on me?' The attendants replied: 'The crown keeper.' The king then punished both the clothing keeper and the crown keeper. He punished the clothing keeper for neglecting his duty, and the crown keeper for overstepping his authority. It is not that he did not hate the cold, but that the harm of overstepping authority is greater than the cold" (Han Feizi·The Two Handles). The crown keeper put a coat on the monarch out of kindness but was punished for overstepping his authority. King Zhao of Han was not unaware of the cold, but realized that "the harm of overstepping authority is greater than the cold"—maintaining the system is more important than temporary comfort. Moriya (2018) [19] explained this as follows: over-rewarding such "extra work" will make subordinates neglect

their own responsibilities and take over others' work in the long run.

A comparison between "holding people accountable for their words and deeds" and modern performance management tools reveals a profound ideological correspondence. Drucker's (1954) <sup>[5]</sup> "Management by Objectives (MBO)" emphasizes that managers should set goals jointly with subordinates and regularly review the achievement of goals. This concept is highly similar to Han Fei's process of "presenting words - assigning tasks - holding accountable for results": subordinates participate in goal setting (presenting words), managers assign work according to this (assigning tasks), and finally conduct assessment according to goal achievement (holding accountable for results). Locke and Latham's (2002) <sup>[16]</sup> goal-setting theory further reveals the characteristics of effective goals: specificity, challenge, attainability, and feedback mechanism. Han Fei's emphasis on "the results match the tasks, and the tasks match the words" is precisely to require a measurable and comparable relationship between goals (words) and achievements (deeds). The contemporary popular OKR (Objectives and Key Results) management tool also reflects the logic of "consistency between words and deeds": the Objective is the "words", and the Key Results are specific indicators to measure the "deeds". Regular review and assessment are the modern practice of "holding people accountable for their words and deeds". Kaplan and Norton's (1996) <sup>[13]</sup> Balanced Scorecard introduces multiple dimensions such as finance, customers, internal processes, and learning and growth on the basis of a single performance indicator. This can be regarded as the enrichment and expansion of the connotation of "words"—the "deeds" that modern organizations need to assess are far more complex and diverse than those of ancient bureaucratic institutions.

### **Abandoning Personal Feelings: Legalist View of Fairness and Organizational Justice Theory**

The core proposition of the Legalist view of fairness is "the law does not favor the noble, and the measuring rope does not bend for the crooked". Han Fei clearly advocated that: "The law does not favor the noble, and the measuring rope does not bend for the crooked. Where the law applies, the wise cannot evade it, and the brave cannot contend against it. Punishment for fault does not spare high ministers, and reward for good does not miss common people." (Han Feizi·Having Authority). This proposition had important progressive significance at that time. In an era of aristocratic politics, the Legalists clearly opposed the old tradition of "punishments do not apply to the upper class" and advocated that everyone is equal before the law (at least in application). This institutional spirit of "abandoning personal feelings" and "abolishing private discussions" has an inherent affinity with modern legal principles. Han Fei believed that the fairness of the system is the premise for the effective operation of the organization: "Therefore, in the present age, those who can abandon personal partiality and abide by public law will bring peace to the people and order to the state; those who can abandon personal conduct and implement public law will make the army strong and the enemy weak." (Han Feizi·Having Authority). The so-called "personal partiality" refers to behaviors that deviate from institutional provisions based on personal relationships and emotions; the so-called "public law" refers to objective rules

that transcend personal likes and dislikes. Han Fei repeatedly emphasized that only by strictly acting in accordance with the system and excluding the interference of personal feelings can the effective governance of the organization be realized.

The organizational justice theory in modern organizational behavior provides an important reference framework for understanding the Legalist view of fairness. Adams' (1965) <sup>[1]</sup> equity theory first focused on the issue of distributive justice, holding that individuals compare their input-output ratio with that of others, and will experience psychological imbalance if they perceive unfairness. Greenberg (1990) <sup>[9]</sup> made a systematic review of organizational justice research and developed it into a mature academic field. Colquitt (2001) <sup>[2]</sup> further divided organizational justice into four dimensions: distributive justice (fairness of outcomes), procedural justice (fairness of decision-making processes), interpersonal justice (degree of respect treated in the implementation process), and informational justice (sufficient communication of decision-making information). Examining the Legalist view of fairness under this framework, the following corresponding relationships can be found:

1. **Distributive justice:** The Legalist propositions of "generous rewards and credible commitments, severe punishments and resolute implementation" and the principle of "punishment for fault does not spare high ministers, and reward for good does not miss common people" reflect the pursuit of fairness in distributive outcomes. Rewards and punishments should match the actual performance of actors, without distinction due to identity and status.
2. **Procedural justice:** The Legalist emphasis on Fa itself contains a dimension of procedural justice. Laws are pre-promulgated rules, the standards of reward and punishment should be open and transparent, and the implementation process should follow established procedures. Han Fei's criticism of "personal partiality" and "private discussions" is precisely to ensure that the decision-making process is not interfered by personal relationships.

### **Contemporary Interpretation and Critical Reflection of Legalist Thought**

Legalist thought shows obvious advantages in contemporary corporate governance. Efficiency improvement is the most direct effect of Legalist governance. Clear rules, standardized processes and strict assessment can significantly reduce internal coordination costs and improve execution efficiency. Agency cost control is another core advantage of Legalist governance. Through the assessment mechanism of "holding people accountable for their words and deeds" and the incentive and constraint of "clear rewards and punishments", organizations can effectively solve the principal-agent problem and reduce moral hazard and opportunistic behavior (Jensen & Meckling, 1976) <sup>[12]</sup>. Predictability and stability are the structural outputs of Legalist governance. Clear rules enable members to predict the consequences of their behavior, and stable institutions enable organizations to maintain continuity in the face of environmental changes. Large-scale governance capacity is an extended advantage of Legalist governance. When an organization grows from a small team to a large enterprise

or even a multinational group, informal governance relying on personal relationships and trust is unsustainable. The institutionalized system of Fa, Shu and Shi enables organizations to maintain control and consistency in the process of scale expansion. However, the application of Legalist thought in modern organizations also has significant risks. Excessive expansion of instrumental rationality is the primary risk. He (2025) pointed out that the monarch-centered political stance of the Legalists makes them regard the people and the law only as tools, and often only pay attention to the effectiveness of the system in institutional design while ignoring the interests of the people. If an organization pursues efficiency and control purely, it may fall into an alienated state of "institutions for the sake of institutions" and "assessment for the sake of assessment", ignoring the fundamental purpose and value mission of the organization's existence. Rigidity inhibiting innovation is a derivative risk of instrumental rationality. Excessively detailed rules and controls may stifle the autonomy and creativity of members. In fields that require innovation and flexible adaptation (such as R&D, creativity, and market development), rigid institutions may become obstacles rather than enablers. Increased trust costs are the hidden costs of excessive control. When an organization controls members through strict monitoring and frequent assessments, it conveys the implicit message that "we do not trust you". This distrust may arouse defensive behaviors of members—meeting the minimum requirements of assessment indicators, hiding unfavorable information, making short-sighted decisions, and ultimately damaging the long-term interests of the organization. Neglect of human dignity is a deep-seated concern of Legalist thought. Lu Qiang's (2025) [17] research points out that Legalism focused only on external discipline, lacking emotional guidance, and to some extent (forcibly) imposed discipline in ways contradicting natural expressions of moral emotion. Consequently, after losing specific historical conditions, its governance effects reversed. In the knowledge economy era, talent is the most critical competitive resource; organizations neglecting human dignity will ultimately lose talent's favor.

The fundamental limitation of Legalist motivation theory lies in its neglect and even rejection of intrinsic motivation. Han Fei viewed humans as passive beings driven only by external benefits and harms, completely denying the possibility of intrinsic motivation—this is both the consistency of his theoretical logic and its blind spot. Deci's (1971) [3] classic experiments showed that extrinsic rewards could undermine intrinsic motivation: when people received external rewards for activities they initially found interesting, their intrinsic interest decreased. This finding challenges the universality of behavioral reinforcement theory and reveals the potential risks of relying purely on extrinsic motivation. Deci and Ryan's (1985) [4] self-determination theory further distinguishes different types of motivation and proposes three basic psychological needs: autonomy, competence, and relatedness. When the external environment satisfies these needs, intrinsic motivation can be stimulated and maintained; conversely, overly controlling, unsupportive environments damage intrinsic motivation. From this perspective, Legalist motivation theory exhibits a "motivation blind spot": it views humans as purely "passive responders" rather than autonomous "active agents"; it focuses on behavioral outcomes

(performance) while neglecting the experiential process of behavior; it emphasizes control over individuals while ignoring respect for individual autonomy. This is problematic not only ethically but also has efficiency costs — when people work only for extrinsic rewards, their creativity, engagement, and sustainability cannot match those driven by intrinsic motivation.

### Construction of a Balanced Institutional Model

Based on the aforementioned analysis, this paper proposes the Balanced Institutional Model as a theoretical framework that integrates the institutional rationality of Legalism with modern humanistic management. This model attempts to transcend the dual opposition of "institutional rationality vs. humanistic management" and explore an integration path between the two. The rigid institutional layer inherits the core of institutional rationality in Legalist thought, including the following elements:

1. **Clear rules:** Public, stable, and enforceable written systems that define behavioral boundaries and standards.
2. **Definition of authority and responsibility:** Clear division of powers and responsibilities and an authorization list to ensure the matching of power and responsibility.
3. **Reward and punishment systems:** Performance-based incentive and restraint mechanisms that link behaviors with consequences.
4. **Internal control:** Audit and supervision mechanisms to ensure the authenticity of information and compliance of processes.

The rigid institutional layer applies to areas with high requirements for stability and consistency, such as compliance management, workplace safety, financial control, and quality management. Its core function is to set a bottom line—preventing organizational disorder, fraud, and major risks.

The flexible empowerment layer absorbs the concepts and tools of modern humanistic management, including the following elements:

1. **Co-creation of goals:** Enabling members to participate in the goal-setting process through tools such as OKRs to enhance goal commitment.
2. **Coaching leadership:** Managers transform from "supervisors" to "coaches", helping members grow through questioning, feedback, and support.
3. **Psychological safety:** A concept proposed by Edmondson (2018) [7], referring to an organizational climate where members dare to express opinions and raise objections without fear of negative consequences.
4. **Mission-driven approach:** Stimulating members' intrinsic motivation and sense of meaning through the internalization of organizational mission and values.

The flexible empowerment layer applies to areas that require innovation, autonomy, and dedication, such as R&D and design, market development, and customer service. Its

core function is to stimulate potential—unleashing members' creativity and commitment. The key to the Balanced Institutional Model lies in dynamic balance—timely adjusting the proportion of rigidity and flexibility according to changes in the internal and external environment. Wang Hongqiang's (2024) [25] analysis of Han Fei's theory of bureaucratic governance shows that the combination of routine governance (normativity) and key governance (flexibility) is the key to the effective operation of institutions. This provides an echo from ancient thought for the Balanced Institutional Model. The specific dimensions of dynamic balance include:

First, Functional differentiation: In areas with high compliance requirements (e.g., financial reporting, data privacy), rigid control should be strengthened; in areas requiring innovation (e.g., new product development), more autonomous space should be granted. Second, Situational adaptability: In periods of relatively stable environment, rigid institutions help improve efficiency; in periods of drastic environmental changes, it is necessary to increase flexible empowerment to enhance the organization's adaptability. Third, Personnel differentiation: For new employees or employees with performance problems, stronger control may be needed; for senior employees or high-performing employees, more trust and autonomy should be given. Finally, Time dimension: When short-term performance pressure is high, the organization may tend to adopt rigid control; for long-term development needs, flexible empowerment should be strengthened to cultivate core competencies. Zhang Bo's (2016) [28, 29] discussion on this is highly enlightening: Striving for the highest standard leads to fairness; achieving a moderate standard is balance. Grasping the balance between fairness and balance requires leaders to exercise rigid management and, at the same time, embody flexibility in management. The thought of "Fa, Shu, Shi (Law, Technique, and Power)" contains the wisdom of leadership and management, effectively combining the rigidity and artistry of leadership and management.

## Conclusions

From the perspectives of organizational theory and modern enterprise management, this paper systematically translates the Legalist thought of "Fa, Shu, Shi" and the rationality of rewards and punishments into modern terms. The main findings are as follows:

First, the three elements of Legalist thought—Fa, Shu, and Shi—can be constructed into a three-dimensional model of organizational design: Fa corresponds to the institutional norm dimension, Shu to the performance control dimension, and Shi to the power allocation dimension. The three form a closed-loop governance thinking of "institution—supervision—authority—institutional reinforcement", providing a systematic framework for analyzing the integrity and internal consistency of organizational design. Second, there is in-depth room for dialogue between Legalist rationality of rewards and punishments and modern incentive theory. The Legalist human nature assumption based on "seeking profit and avoiding harm" is structurally similar to the rational economic man assumption; its principle of "generous and credible rewards, severe and enforceable punishments" echoes the behaviorist reinforcement theory; the assessment principle of "holding people accountable for their words in accordance with actual achievements" has an ideological affinity with modern performance tools such as management by

objectives (MBO) and key performance indicators (KPIs); the proposition of "the law does not favor the noble" can enter into dialogue with the procedural justice and distributive justice dimensions in organizational justice theory. Third, Legalist thought has both advantages and risks in contemporary organizational governance. Its advantages lie in improving efficiency, controlling agency costs, and providing stability and scalable governance capabilities; its risks include the excessive expansion of instrumental rationality, rigidity suppressing innovation, increased trust costs, and neglect of human dignity. This means that the modern application of Legalist thought must be critical and selective. Fourth, based on the above analysis, this paper proposes the Balanced Institutional Model, advocating the integration of the value rationality and incentive concepts of humanistic management on the basis of Legalist institutional rationality. The model consists of a rigid institutional layer (setting the bottom line) and a flexible empowerment layer (stimulating potential). Through dynamic balance, the two layers jointly reduce agency costs, trust costs, and coordination costs (OpenAI, 2023) [20]. Future research can compare the similarities and differences between East Asian and European and American enterprises in institutional design, performance control, power allocation, and other aspects, and explore the moderating effect of cultural factors. Third, deepening the research on the application of Legalist thought in the digital age. Technologies such as big data, artificial intelligence, and block chain are reshaping the form and boundaries of organizational control. Future research can explore how digital technologies empower the practice of "holding people accountable for their words in accordance with actual achievements", while bringing new ethical challenges, and how to achieve the "balance of rigidity and flexibility" in digital governance.

## References

1. Adams JS. Inequity in social exchange. *Advances in Experimental Social Psychology*,1965:2:267-299.
2. Colquitt JA. On the dimensionality of organizational justice: A construct validation of a measure. *Journal of Applied Psychology*,2001:86(3):386-400.
3. Deci EL. Effects of externally mediated rewards on intrinsic motivation. *Journal of Personality and Social Psychology*,1971:18(1):105-115.
4. Deci EL, Ryan RM. *Intrinsic motivation and self-determination in human behavior*. Plenum Press, 1985.
5. Drucker PF. *The practice of management*. Harper & Row, 1954.
6. Du XN. The generation, acquisition and operation of power: An explanation of the Legalist thought of "Shi-based governance". *Guanzi Journal*,2022:(2):104-115.
7. Edmondson AC. *The fearless organization: Creating psychological safety in the workplace for learning, innovation, and growth*. Wiley, 2018.
8. French JRP, Raven B. The bases of social power. In D. Cartwright (Ed.), *Studies in social power* (pp. 150-167). University of Michigan Press, 1959.
9. Greenberg J. Organizational justice: Yesterday, today, and tomorrow. *Journal of Management*,1990:16(2):399-432.
10. He YJ. The thought of punishment in Legalism: The light of rationality and the flaw of monarch-centeredness. *Journal of Sichuan University (Philosophy and Social Sciences Edition)*,2025:5:87-97.

11. Herzberg F, Mausner B, Snyderman BB. The motivation to work. Wiley, 1959.
12. Jensen MC, Meckling WH. Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*,1976;3(4):305-360.  
[https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
13. Kaplan RS, Norton DP. Using the balanced scorecard as a strategic management system. *Harvard Business Review*,1996;74(1):75-85.
14. Li Tang iHR. Legalist culture in human resource management: How to improve enterprise efficiency? Retrieved from <https://blog.ihr360.com/p/267838/>, 2025.
15. Li YG. How Legalism views desire: From the perspective of a comparison between Daoism, Confucianism and Legalism. *Jinyang Journal*, 2023, 6.
16. Locke EA, Latham GP. Building a practically useful theory of goal setting and task motivation: A 35-year odyssey. *American Psychologist*,2002;57(9):705-717.
17. Lu Q. "Making the people free from resentment": The disciplinary thinking and governance practice in the political philosophy of pre-Qin Legalism. *Philosophical Trends*,2025;(11):52-63.
18. Ma L, Tsui AS. Traditional Chinese philosophies and contemporary leadership. *The Leadership Quarterly*,2015;26(1):13-24.  
<https://doi.org/10.1016/j.leaqua.2014.11.008>
19. Moriya H. Absolutely Useful Han Fei's Leadership Science. Taipei: Da Shi Culture, 2018.
20. OpenAI. ChatGPT (Mar 14 version) [Large language model]. OpenAI, 2023. <https://chat.openai.com/chat>
21. Pines Y. Legalism in Chinese philosophy. In E. N. Zalta (Ed.), *The Stanford Encyclopedia of Philosophy*. Retrieved from, 2013. <https://plato.stanford.edu/entries/chinese-legalism/>.
22. Simons R. *Levers of control: How managers use innovative control systems to drive strategic renewal*. Harvard Business School Press, 1995.
23. Skinner BF. *Science and human behavior*. Macmillan, 1953.
24. Vroom VH. *Work and motivation*. Wiley, 1964.
25. Wang HQ. On the internal thinking of Han Fei's theory of bureaucratic governance. *Guanzi Journal*,2024;(3):89-100.
26. Weber M. *Economy and society: An outline of interpretive sociology* (G. Roth & C. Wittich, Eds.). University of California Press, 1978. (Original work published 1922)
27. Xie YF, Yu KD, Xie XZ. Exploring modern human resource management from Han Fei's "Shu". *Chinese Academy Journal*,1997;(50):51-70.
28. Zhang B. On leaders' grasp of the scale of fairness and balance from the perspective of Han Fei's thought of "Fa, Shu and Shi". *Leadership Science*,2016;5(9):4-6.
29. Zhang H, Chen H. The leadership thought of pre-Qin Legalism: A new interpretation of the integration of Fa, Shu and Shi leadership. *Leadership Science*,2016;(4):46-50.
30. Zheng HS, Hu YP. Severe laws and harsh punishments, implemented in accordance with circumstances: Mandatory norms for social operation—a study on the social thought of Legalism in the Spring and Autumn and Warring States Periods. *Study and Practice*,2009;(3):5-15.