

**MANAGING CHANGE IN CHINA:  
A STUDY OF CHINESE ORGANIZATIONAL  
CULTURES AND MANAGEMENT STYLES**

**BY**

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## **PREFACE**

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This paper utilizes data analysis based on the literature review and a survey of management practices in China conducted by the author between October 1998 and October 1999.

Because of the influence of Western cultural and working values, there are going to be many significant changes in organizational cultures and managerial values among Chinese enterprises. However some traditional Chinese cultural values that are opposed to Western cultural values continue to resist the change. Any successful modernization is a balance or mixture form of traditional Chinese management and modern or Western management techniques in China.

**KEYWORDS:** National Culture; Organizational Culture; Management Styles; Foreign Investment; Chinese State Owned Enterprise; Sino-Western Joint Venture; Multinational Company



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## INTRODUCTION

The rapid opening of the Chinese economy has attracted intensive research interests. More and more researchers have acknowledged that the opening up of China for foreign investment and the reform of Chinese state-owned enterprises (SOEs) have provided a basis for new ideas in management theories. The purpose of this dissertation is to add valuable insights to the complexity of the Chinese business environment and to identify the changes in Chinese organizational and managerial values under the influence of the economic reform and foreign investment.

The question, ‘Will Chinese Organizational Cultures and Management Styles Change significantly?’, is expected to be answered by testing hypotheses. In order to test the hypotheses, the research focused on a comparison between the current organizational cultures and managerial values and their future trend in Chinese enterprises including Chinese States Owned enterprises (SOEs) and Sino-Western Joint Ventures (JVs). The comparative study between Chinese SOEs and Sino-Western JVs has also been conducted in order to provide an in depth understanding of the changes in organizational cultures and management styles under the influence of new and Western management strategies. Furthermore, the impact of changes on Chinese enterprises has also been studied.

This research problem assumes great significance both from the academic and management point of view. It has practical application both locally as well as internationally. Particularly, in the content of China, there are very few studies that have examined the transition within Chinese organizational culture and management styles or have attempted to understand the impact of the transition on current Chinese organizational and managerial values.

The study of the changes in Chinese organizational cultures and management styles may have significant practical values both for the reform of Chinese State Owned Enterprises (SOEs) and foreign investing enterprises in China. For example, this study



can identify the attitudes of Chinese managers both in Chinese SOEs and Sino-Western Joint Ventures (JVs) toward Western management practices which may conflict with their old managerial values. In addition, understanding the impact of Western management styles on Chinese organizational management and Chinese managerial values will not only provide a challenging application for the research on organizational management, but will also help foreign investors to operate their business more smoothly and efficiently in China. The study may also contribute to the theories of national culture, organizational culture and managerial values by examining the impact of the increasingly global economy.

This study has relied on two research techniques: a questionnaire survey and a case study. The questionnaire survey was used to test the general trend of Chinese organizational cultures and management styles. The case study has been presented in order to provide a vivid explanation of the actual functioning of Chinese organizations.

Questionnaires were collected from different regions in China. The process of questionnaire collection was supervised by some Chinese research professionals: Professor Li at the People's University of China in Beijing; Professor Zhao at Nanjing University; Professor Yang at Fudan University in Shanghai; Dr. Jacky Hong at Macao University and Dr. Yu at Dongbei Financial University, Dalian. Respondents to the questionnaire were all experienced managers who are currently working in Chinese SOEs and Sino-Western JVs. The information required for the case study was provided by the managers who are working in Blue Sword Group and the official researchers at the local Chinese government.

The structure and contents of the different chapters are summarized as follows:

**Chapter 1** offers a literature review of general issues related to the national cultures and organizational cultures and management styles. A few common theories concerning the changes of organizational cultures and managerial values have been identified. It is summarized that the form of organizational cultures and management



styles is not only influenced by national cultures, but also influenced by environmental factors such as political environment and economic development.

**Chapter 2** provides a broad perspective of the background of Chinese culture in comparison with Western culture. In this chapter, theoretical arguments surrounding the Chinese economic environment and value changes have also been examined. Hypotheses have been raised at the end of this chapter. It can be assumed that Chinese organizational cultures and managerial values are undergoing a change because of the involvement of foreign investment.

**Chapter 3** discusses the research methodology related to the research design, information collection and data analysis. Research problems and some weaknesses in this research have been discussed.

**Chapter 4** presents the findings of the questionnaire survey conducted in China from December 1998 to August 1999. A case study representing the current situation in Chinese management practices is also presented and it is consistent with the findings from the questionnaire survey.

**Chapter 5** provides research discussion and conclusion based on both literature review and the findings from the questionnaire and the case study. It can be concluded that organizational cultures and attitudes of Chinese managers have great impact on the overall success of foreign business in China. Meanwhile, Chinese organizational cultures and managerial values will change significantly with the integration of Western cultures due to the involvement of foreign investment.

## **Chapter 1**

# **THEORETICAL BACKGROUND: DISCUSSIONS ON ORGANIZATIONAL CULTURE AND MANAGERIAL VALUES**

In this section, the main theories on national cultures, organizational cultures and management styles and their impact on organizational behaviour will be studied. Other factors such as political environment and economic development, which are also relevant to the change of organizational behaviour, will also be identified. From the theoretical discussions in this chapter, it is expected to identify that the form of organizational cultures and managerial values is influenced not only by national culture, but also by other environmental factors.

## **1.1 Theoretical Discussions on the Relations between National Cultures and Organizational Cultures and Management Styles**

### **1.1.1 National Cultures**

Research on the aspect of national, organizational and individual culture has been conducted by a number of researchers. These researches have formed the basis of the discussion in cross-cultural management. One of the most frequently quoted researchers, Geert Hofstede (1980) found 4 cultural dimensions describing a national culture:

- *High vs. low power distance*

Power distance refers to the extent to which a society accepts the fact that power in institutions and organizations is distributed unequally.



- *High vs. low uncertainty avoidance*

Uncertainty avoidance refers to the extent to which society feels themselves threatened by uncertain and ambiguous situations, and tries to avoid the situation by providing greater career stability and establishing more formal rules.

- *Individualism vs. collectivism*

Individualism implies a loosely social framework in which people are supposed to take care of themselves, while collectivism is characterised by a tight social framework in which people expect their group to look after them, and in exchange for that, they feel they owe absolute loyalty to it.

- *Masculinity vs. femininity*

Masculinity is described by the acquisition of money and things, and by caring for neither people nor quality of life. The characteristics of femininity are the opposite.

Hofstede's research was done within IBM and the information was gathered from 40 different countries, including Eastern and Western countries and Africa. In his research, he addressed the issues of the reconciliation and adaptability of Western management theories and argued that management theorists never questioned the theories they developed for their adaptability abroad. Hofstede (1980) also stated that if two countries were significantly different in their scores in cultural dimensions, then a theory developed in one country would have a very low degree of adaptability in the other country.

Even though Hofstede's cultural dimension theory has been widely accepted by the people in both academic and business areas, there are increasing critiques for this. Hill (1997, p67-95) concludes these critiques as:

1. Hofstede compares the cultures between nations on a one -to-one base, but many countries have more than one culture.



2. Because the research team was composed of Europeans and Americans, the research process may well have been shaped by their own cultural biases and concerns.
3. The research was conducted not only within a single industry, but also within a single company.
4. IBM's own strong corporate culture and employee selection procedures may influence employees' cultural values.

Hofstede ( in Hodgetts, 1993, p55) himself admitted, “ The sole purpose of the dimensions is to add some structure to a mass of cultural information that otherwise is too complex to grasp. It doesn't make sense, for example, to fight about whether there ‘exist’ four, five, or more dimensions.” Hofstede also agreed that he only developed and “constructed” a tool for cultural analysis instead of developing “concrete entities”.

However, since Hofstede's research is one of the most comprehensive study of how culture relates to values in the workplace (Hill, 1997), the research represents a reasonable starting point for academic researchers and managers who are trying to figure out how cultures differ. Hofstede's model is also often quoted by many researchers on studies of the cultural influence on the issues of management practices.

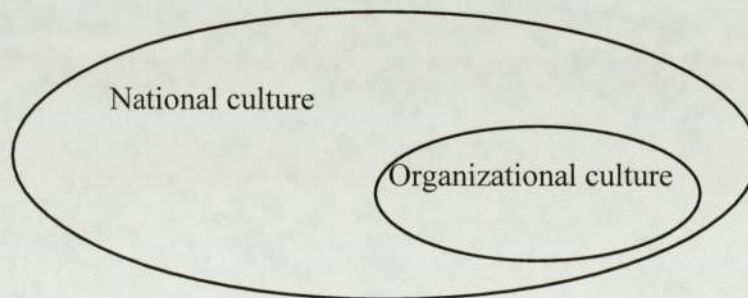
### **1.1.2 Organizational Cultures**

In addition to national cultures, culture also exists at the company level. This culture is known as the corporate or organizational culture. Although organizational culture is a relatively new perspective in organizational theory, many attempts have been made to define this broad concept and its many aspects (Schein's 1986; Scholz 1987 p80; Drennan 1992 p3; Brown, 1995 p8; etc.). Schein's (1986) model proves to be useful in this respect as it provides a general overview of the many different possible components of a corporate culture. In his model, a corporate culture is divided into three levels: the highest level represents the symbol system and encompasses the observable elements such as rites, logo, language, buildings, etc.; the second level consists of more or less explicit norms and standards of behaviour; the third level

portrays the key ingredient of the culture, which includes the essential orientation and thought clusters. The third level of a corporate culture is necessary for guiding day-to-day business in the right direction. Hofstede (in Hodgetts, 1993) agrees with Schein's model. Furthermore, he addresses that organizational cultures reside mainly in 'management practices', "that is things like symbols, heroes, and rituals that are recognized by the organization but not necessarily by outsiders (in Hodgetts, 1993, p56)."

Although both the national culture and corporate culture are defined as two separate independent cultures, they can also be examined in connection and relation with one another. Some authors have attempted to look at this relationship. According to them, when national and corporate culture meet, they may extend mutual influence on each other. Jackson (1993) identified that the national cultural patterns are often reflected in the corporate culture as shown in figure 1.

**Figure 1:** The Relationship between National Culture and Organizational Culture



Source: Jackson T. (1993) *Organizational Behaviour in International Management*, Butterworth and Heinemann Ltd, Oxford.

In contrast, there are strongly characterised differences between corporate cultures within a national culture. Hofstede (in Hodgetts, 1993, p56) indicates that the main difference between the organizational culture and the national culture is "national cultures reside mainly in deeply-rooted values, while organizational cultures are a more superficial phenomenon." Deal and Kennedy (1982) denies the existence of a close relationship between national culture and organizational culture. They argue:

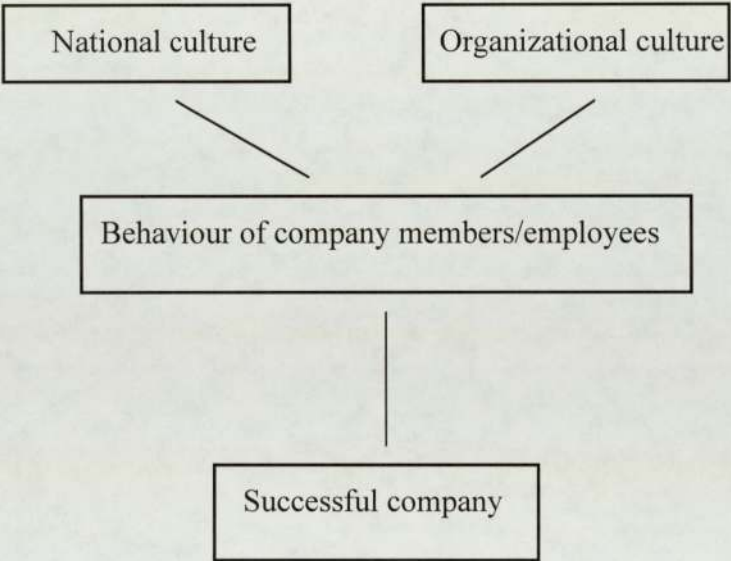


“The business environment is the single greatest influence in shaping a corporate culture.” (Deal and Kennedy, 1982, p13).

In addition, Nelson and Quick (1994 p496-499) suggest the adaptation as a mean to form an organizational culture. Its theme is that only cultures that help organizations to adapt to environmental changes are associated with excellent performance. In other words, the organization should set up a culture that can help it to adapt to environmental changes.

**Figure 2:**

The Impact of National Culture and Organizational Culture on Managerial Values



Source: Deal and T.E. & Kennedy, A. A. (1982) Corporate Cultures: The Rites AND Rituals of Corporate Life, Reading/Massachusetts

Even though there are different understandings among the scholars on the relationship between national culture and organizational culture, there is a consensus that both national and organizational cultures have the influence on managerial behaviour (Figure 2).



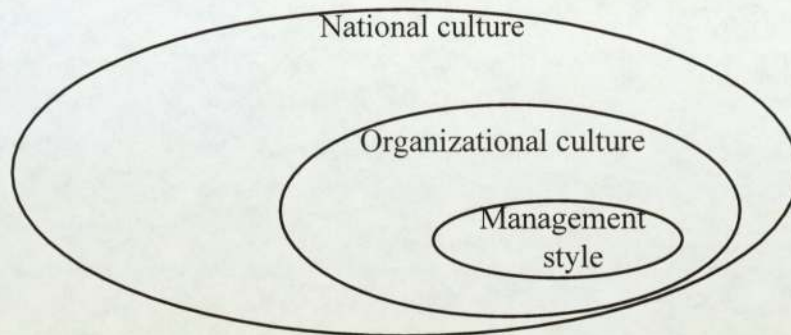
Also when individual beliefs and values are influenced by organizational practices within one nation, various outcomes may emerge in managerial behaviour and thus resulting in different management styles. Managers' reaction to organizational cultures, which threaten their existing cultural values, may be led to be either positive or negative. To comprehend this situation, it requires a better understanding about individual values and management styles.

### **1.1.3 Management Styles**

Various researches have been propounded different theories to discuss management styles. Jackson (1993) has referred to the management styles of organizations as management systems, namely, explosive-authoritative, benevolent-authoritative, consultative, and participative-group. However, Jackson's descriptions on management styles are on a situational basis rather than on personal management styles. McGregor's theory provides a framework for viewing the way managers relate to work or to people, which is "economic orientation" versus "people orientation". In addition, Fiedler (1967) developed the Contingency theory in which the group-task situation is matched by appropriate styles rather than identifying the good or bad style of management. One can identify a string of similarity across these theories as 'organizational need orientation vs. people's need orientation'. However, these theories overlooked the question that whether management styles are more related to the national culture or to organizational need.

Compared with the definition of organizational culture, Jackson (1993, p21-28) defines the management style (figure 3) as: "If we say that organizational cultures are those explicit and implicit within an organization which influence the way individual act, the management style are the ways in which key individuals within the organization interpret those explicit and implicit rules." Furthermore, Jackson (1993) points out that there is not an easy distinction between "organizational culture" and "management style" as they often seem to overlap.

**Figure 3:** Relationship between National Culture, Organizational Culture and Management style



Source: Jackson T. (1993) *Organizational Behaviour in International Management*, Butterworth and Heinemann Ltd, Oxford.

In terms of the influence on forming the individual values, organizational culture has a relatively weak influence on an individual's core beliefs and values (Hickson and Pugh, 1995). In other words, whereas a great deal of management research has directed towards understanding corporate culture, this refers to the peripheral or more easily influenced values and beliefs that an individual holds (Hickson and Pugh, 1995). Similarly, Harzing and Hofstede's research (1996) also indicates that the individual's national culture is the more deeply-rooted and dominant culture; and that one does not let himself to be influenced by corporate culture.

In fact, national culture influences many aspects of business, some to a greater extent than others. Management styles are one of these aspects which are particularly influenced by national culture. Harris (1982) states that managerial behaviours such as a manager's ability to delegate, make decisions and compete with other managers are strongly affected by his or her background. In his article, Harris emphasises that cultural differences shape management styles.

Hofstede's research has also provided an understanding of how different national cultures influence management styles. While national cultures scoring high on the power distance index tend to be rather autocratic or paternalistic, a low power distance



represents a participative and consultative management style (Hofstede, 1991). Hofstede sees individualistic cultures as those where there is a strong emphasis on 'getting ahead' and 'to be a good leader'. Therefore, in a country dominated by individualistic cultures, emphasis is placed on individual achievements, personal identity and decision-making. On the other hand, in collectivistic cultures the emphasis is on 'belonging' and 'to be a good member within a group'.

In very masculine cultures, the management style is assertive and dominant, which contrasts the feminine culture where relationships are important. In cultures, which have high uncertainty avoidance, rules and regulations dominate the management style because this can increase certainty and reduces anxiety. In contrast, there are fewer and more ambiguous rules in the uncertainty tolerating cultures.

#### **1.1.4 The Influence of Environmental Factors on Organizational Cultures and Managerial Values**

Many researchers agree that both management styles and organizational cultures are not mainly influenced by national cultures and they also believe that existing organizational cultures and individual values within a nation are not primarily differentiated by national cultures. In fact, as Hofstede indicates, organizational cultures and management styles are mainly influenced by more superficial level of practices (Hofstede, in Hodgetts, 1993). However, he has not done further research to identify these superficial levels of practices.

Lauchman et al. (1994) indicate that the causality underlying the relationship between national cultural values and organizational culture and managerial styles, is not fully explored. However, different authors have portrayed one main idea about how national culture influences corporate culture and managerial value. The discussion among the scholars is whether the national cultures, organizational cultures and management styles must be considered as closely related, or as separate elements. Thus, the essential question is whether there are some other factors that may influence the organizational cultures and management styles more than national cultures.

Hill (1997) indicates that economic environmental factors that may influence the management practices include the political systems, economic systems, legal environment and economic development in a nation. Compared with Hofstede's cultural dimensions on Individualism vs. Collectivism mentioned earlier, Hill (1997) assesses political systems according to two political ideologies: Collective ideology and individual ideology. Hill (1997) describes the collective ideology as:

"Collectivism is an ideology that views the needs of society as being more important than the needs of the individual. Collectivism translates into an advocacy for state intervention in economic activity and, in the case of communism, a totalitarian dictatorship (Hill, 1997, p61).", and individual ideology as "... built on an emphasis on the primacy of individual's freedoms in the political, economic, and cultural realm. Individualism translates into an advocacy for democratic ideals and free market economics (Hill, 1997, p61)." He also indicates that the economic and legal systems of a country are shaped by its political systems.

Lauchman et al. (1994) views both environment factors and cultural values as interactive co-determinants of organizational roles, structures and process. According to them, the economic environment and the technologies employed by organizations have the function in structural configurations, while cultural values serve to provide meaning.

These theories, as described above, do not indicate how far the environmental factors would influence the managerial values on the organizational level. It is difficult to answer this question. However, based on the current theories one can assume that the changes in environmental factors will influence the organizational culture and managerial values.

In the reality of management practices, the perspective of understanding national cultures and organizational cultures separately and noticing the environmental impact is particularly important in the case of a multinational company (MNC) where the organizational culture from the parent company and the national culture from the subsidiary come together. The potential competition and conflict between the organizational and national culture becomes a problem. Hickson and Pugh (1995)



indicate that the MNC is regarded as ‘an area for different national cultures’ and it is these different cultures that often conflict with each other thus create problems both for the parent company and subsidiaries.

Harzing and Hofstede (1996) address three major theoretical discussions on the organizational change to manage the cultural influence, especially in the case of MNCs, namely contingency, choice and culture. However, in reality, MNCs have more complicated problems that have not been addressed in the literature. For example, if all the employees share the same national cultural background, will the employees working for a multinational organization subsidiaries in which organizational culture and management styles are derived from another cultural background show similar patterns with the employees working in their native organizations? In other words, ‘will the managerial work values be changed if people are working in a different “model of management”?’ Furthermore, how will the organizational culture and management styles change according to the change of environment factors?

## **1.2 Theoretical Discussions on the Change of Organization and Managerial Values**

### **1.2.1 Current Discussions on Organizational Design and Change Management**

Laurent, A. (in Vertinsky et al., 1990) has used following three dimensions to determine the beliefs and attitudes concerning the design of organizational culture.

- The political system which explains power relations;
- The authority system which examines the attitudes of managers towards the degree the degree to which authority is accepted
- The role-formalization system which determines the perceived relative importance of formality and roles’ function in the organization.

As Vertinsky et al. (1990) points out, the approach Laurent has chosen is too rigid. A particular attribute and the design have been forced to be connected, instead of letting

it emerge from the analysis. However, it is valuable that Laurent's theory on the design of organizational culture concerns both environmental factors and managerial styles.

Hofstede (in Vertinsky et al., 1990) has also made an extended research on the design of organizational cultures. Hofstede argues that attributing a distinct culture to a company or to an organization has become increasingly popular, although he admits that 'People build organizations according to their values, and societies are composed of institutions and organizations that reflect dominant values within their culture' (in Hodgetts, 1994, p81).

Hofstede (in Jackson, 1993) uses the following 6 independent dimensions concerning the design of organizational culture as compared to the 3 used by Laurent. He points out that they can be used as a framework to describe organizational cultures, but they are not universally valid.

- Process versus results-oriented organizational cultures

They refer to the organizational cultures that are dominated by bureaucratic routines or being concerned with organizational outcomes.

- Job-oriented versus employee-oriented organizational cultures

The former refers to the organization concerns employees' job performance only, and the latter refers to the organizational broad responsibility for their member's well-being.

- Professional versus parochial organizational cultures

This dimension refers to the organizations where members derive their identify primarily with their profession or where members derive their identity from the organization for which they work.

- Open systems versus closed systems cultures

It refers to the style of internal and external communication, and the degree to which newcomers are accepted.

- Tightly versus loosely controlled organizational cultures

The dimension deals with the degree of formality and punctuality within the organization.



- Pragmatic versus normative cultures

The dimension deals with the dominating way of dealing with the environment.

According to Hofstede, national cultures differ mostly at the level of basic values, whereas organizational cultures differ at the level of symbols and rituals, which are easier to change. Hofstede's research supports the idea that the cultural change on the organizational level should be possible and the economic progress is accompanied by a shift in cultural values which move away from collectivism toward individualism (Hofstede, in Jackson, 1993). This change of values means that people are better able to take care of their own needs.

In addition, Laurent (1989) also argues that organizational change is cultural change, but he emphasizes the importance of a spiritual leader and good management to implement the change in an organization. In the case of international management, he points out that managers from different national cultures hold different assumptions about the nature of management, authority, structure, and organizational relationship. These assumptions create different value systems and get translated into different management practices, which reinforce the original assumptions (Laurent, 1989). However, he has not testified if these assumptions could be weakened under a common environment and environmental change.

Vertinsky et al. (1990) has used issues concerning the design of organizational cultures from the existing literature, where their attributes describe alternatives within structure, relationships between members, organizational climate, communication and decision-making process. The various dimensions covered in Vertinsky's study are:

- *Worker participation*

Relates to the degree of employee's consultation and participation in the organization.

- *Formal structure*

Relates to the degree of formality in authority structures and control systems.

- *Strategic adaptiveness*

Refers to technical characteristics of organization associated with strategic management

- *Democratic organization*

Relates to democratic values in organizational internal competition and risk taking.

- *Centralisation*

Relates to the degree of centralisation of authority.

The study shows that there is a basis to develop a contingent approach based on the universal organization. According to convergence theory, strategies developed for organizational change in one particular culture continue to be viewed as universally applicable in other cultures (Vertinsky et al., 1990). But as mentioned above, it also cannot ignore that different national cultures hold different conceptions and assumptions about organizations and their management (Laurent, 1989). Vertinsky et al. (1990) also admits that there are some important cultural values that are resistant to change.

### **1.2.2 The Difference in Cultural Values and Environmental Influence on the Change of Cultural Values**

The work of Smith, Dugan and Trompeaar (1996) supports the idea that there are some important cultural values which are resistant to changes in environment. To avoid being involved into the complexities of cultural variations, they identified major differences that might exist between the instrumentalism of Western management styles and the humanism of many non-Western cultures. Jackson (1999) also believes that there is a tendency for people to be viewed as a means to an end in Western cultures whereas within non-Western cultures people may be regarded as having values in their own right. In countries being dominated by the instrumentalist view, organizations are focusing on the solving of tasks rather than focusing on people. The instrumentalist view looks at authority as a means to achieve tasks, and relationships are instrumental to task achievement. The instrumentally oriented manager is interested in finding out who is responsible for what (Jackson, 1999).



Much in contrast, Jackson opines that, in a country being dominated by the humanistic view, people are managed collectively through a formal hierarchy, where positions are defined in terms of levels of authority and status and where authority is attached more to individuals than to their offices or functions. The humanistic view looks at tasks as means to establish authority; tasks are instrumental to the development of relationships. The humanistic oriented manager is more interested in finding out who has authority over whom.

Through the investigation of managers in China, Hong Kong and Canada, Vertinsky et al. (1990) finds out that there are similarities across cultures with respect to strategic adaptiveness, efficiency and attitudes towards centralisation among the managers. However, significant differences have been found concerning formal structure, internal competition and individual risk-taking. Their explanation is that, besides cultural factors, the regulatory, political and economical structures are among the factors having an influence on the extent to which certain countries are suitable for the convergence theory while others are not. So the economic environment such as political system, economical structure and economic development may be the key factors that will decide the organizational design and change.

According to Hill (1997), the economic environment can be divided into political systems and economic systems. There are two main political systems in the world, namely democratic and totalitarian systems. In a democratic society, political freedom is guaranteed by a constitution according to which citizens of the nation elect the political representatives. In a totalitarian state, a party, a group or even individual controls the country and citizens have no basic political freedom (Hill, 1997). In terms of economic systems, there are three main types of economic systems, namely, a command economy, market economy and mixed economy. In a society governed by command economy, all the productive assets and operation are owned and controlled by central planner. In contrast, productive activities in a society of market economy are free and productive assets are privately owned. A mixed economy has characteristics of both a market economy and a command economy (Hill, 1997).

However, with economic development, it has become more difficult to unambiguously categorize which nations belong to a market economy or a command economy. As Hill states: “Many countries are now in a state of transition. There is a marked shift away from totalitarian governments and command or mixed economic systems and toward democratic political institutions and free economic systems (Hill, 1997, p62).” In addition, Hill also points out that the economic development may have an impact on the improvement of political systems and legal environment. The political and economic systems of a nation are not independent of each other. Actually they interact and influence each other. They are also found to have an impact on the management practices.

Besides the studies on economic environment of a nation, Hill (1997) also suggests that “... the political economy and culture of a nation are not independent of each other (Hill, 1997, p32).” Even though Hill notices that the cultural values of group identification in the Eastern countries and individual orientation in the Western countries have an impact on the social and political structure, he shows no further evidence to indicate how the cultural values change with economic advancement and globalization.

### **1.3 Research Questions Identified from Chapter One**

As discussed above, the existing theories on cultural and economic environment studies show a mixed and complex picture. For example, although theories on the cultural study such as instrumentalism and humanism theory have identified some important cultural values for the cross-cultural studies, there is not enough empirical research to firmly support these theories, especially to identify the countries belong to the instrumental orientation and the ones that belong to humanistic orientation. Existing studies also ignore the possibilities of the influence of environmental factors on countries' cultural differences, especially in some emerging countries with high economic development and increasing foreign investment. However, the issue of changes in organizational and managerial values under the influence of economic or business environment is far from being answered clearly.



Based on the theoretical discussions in chapter 1, the research attempts to identify the changes in organizational cultures and managerial values. This study is better conducted within one country in order to avoid complex cultural influence. As one of the emerging economies and one of the few socialist countries existing in the world, China can be regarded as the most suitable sample in this context. The following chapter will provide detailed discussions on Chinese cultural values.

## **Chapter 2**

### **BACKGROUND: STUDIES ON CHINESE MANAGERIAL VALUES AND ORGANIZATIONAL MANAGEMENT**

Current researches on foreign management in China have all focused on how to promote the Western management practices including human resource management, communication, motivation strategies and management control (Slemer, 1998). However, an area that has been overlooked by most researches is the influence of western management practices on the Chinese working values.

It may be assumed that, based on the existing theoretical discussion above as well as in this chapter, the organizational cultures and managerial values in Chinese enterprises will be influenced by the economic development and Western management practices. Furthermore there are going to be differences in management styles and organizational cultures between Chinese SOEs and JVs because of the influence of different economic ideologies.

This study may have significantly practical values both for the reform of Chinese State Owned Enterprises (SOEs) and foreign investing enterprises in China. For example, the study can identify the attitudes of Chinese managers both in reformed Chinese SOEs and Sino-Western Joint Ventures (JVs) toward Western management practices which may conflict their old managerial values.



## **2.1 Theoretical Discussions on Chinese Cultural Values**

### **2.1.1 Current Research on Chinese Cultural values**

Hofstede's research on Chinese cultural values has been frequently cited. In Hofstede's research, the respondents were taken from the Chinese employees of IBM in Hong Kong and Singapore. Hofstede (1980) did not include the People's Republic of China in his study. Although Hofstede believes that the data drawn from Hong Kong and Taiwan can describe Chinese characteristics, it should be noted that these societies have been exposed to Western ideas and practices for longer time than Mainland China, which has been dominated by socialist ideology for half a century (Hill, 1997). Child (1994, p28) also indicates that "In the PRC since 1949, many of the society's institutions, such as its educational system of industrial governance, have been given a strong political character both to reflect the new political ideology and with the intention of using institution as instruments for bringing their members' values into line with ideology."

However, because of the traditional cultural background in Taiwan, Hong Kong and Singapore, Hofstede's value dimensions such as Collectivism-Individualism, Power Distance, Uncertainty Avoidance, Masculinity-Femininity and Long term-Short term (Confucian dynamism) should have some relevance in the context of Mainland China and can help us to understand Chinese work values.

In Hofstede's research, Individual vs. Collectivism is one of the most extensively covered cultural variables. Collectivism emphasizes the needs of a society. The needs of a whole group or society are generally viewed as being more important than individual needs. In collective circumstances, an individual may be restricted to do something that may counter to the 'good of the group'. In contrast to collectivism, individualism emphasizes that an individual should have freedom in his or her own rights (Hofstede, 1980). According to Hofstede (1980), Chinese culture is traditionally

highly collectivist and the relationship with other members in the group is of utmost importance for the Chinese.

The individualism vs. collectivism dimension has impacts on various aspects of management issues. Management in an individualistic culture is the management of individuals, whereas the management in a collectivist culture is the management of groups (Lane and Distefano, 1992). The rewards and performance of management should therefore be based on group efforts instead of emphasizing the individual in a collectivist cultural environment. However, the increased economic success may be paralleled to a weakening of horizontal collectivism. (Chen, Meindl and Hunt, 1997; Hill 1997). Therefore, individualism may well be on the increase in China (Nevis, 1983; Hill, 1997).

Hofstede's results show that the Chinese are high on power distance. In an organization having a low power distance score, according to Hofstede, the hierarchy reflects an inequality of roles established for convenience. The manager is supposed to act as a resourceful democrat and employees expect to be consulted. In contrast, the organization having high power distance entails that there exists a clear hierarchical distinction between superiors and subordinates. The manager should act as a benevolent autocrat or father, and tell his subordinates what to do. Privileges and status symbols for managers are both expected and popular with centralized characteristics (Hofstede, 1980).

The result of Hofstede's research about high power distance and hierarchy in Chinese society has been also supported and identified by other scholars. High power distance and hierarchy is considered as one of the main characteristics in Chinese culture. Lewis (1996) indicates that the respect for hierarchy and authority is rooted in Confucianism, together with a regard for age as a source of authority. Chen (1995) also explains that the characteristics of high power distance and hierarchy are prevalent within Chinese family relationships. The family is hierarchical and extended. Several generations often live together in a paternalistic arrangement. However, from current research work



published, there is still no concrete theory explaining the roots of high power distance and hierarchy in Chinese society.

The significance of hierarchy is evident within most Chinese business organizations, especially in Hong Kong, Taiwan and Chinese overseas societies (Chen, 1995). But the case of Mainland China is much more complicated because of the social and economic ideology. The slogan - 'Workers are the masters of the factory.' was very well known by the people in Mainland China (It is interesting to see that everyone knows this slogan, but no one mentions this.). Even though in Chinese State Owned Enterprises the top stratum is unapproachable (Warner, 1993; Locket, 1987), a person can be promoted through the system beginning as a worker, then up to a foreman and finally a middle manager (Jackson and Bak, 1998). The political background is considered as the most important factor for promotion in Chinese SOEs rather than family relations within traditional Chinese organizations outside Mainland China (Chen, 1995).

Chinese culture in Hofstede's studies has medium scores for the dimension of masculinity and femininity. There is little direct information on China in Hofstede's study concerning this aspect. According to Hofstede (1980), the countries scoring high on masculinity have dominant values such as material success and process. Money and assets are important, men are supposed to be assertive, ambitious and tough. There is sympathy for the strong, and individuals live in order to work. In terms of management, managers are expected to be decisive and assertive and there is stress on equity, competition, and performance. In contrast, femininity, is characterized by dominant values such as caring for others and preservation, the importance of people and warm relationships, modesty, sympathy for the weak and individual works in order to live. In terms of management, managers are expected to use intuition and strive for consensus and there is stress on equality, solidarity, and quality of working environment.

Considering masculinity and femininity in Hofstede's study, the characteristics of Chinese cultural values on this dimension show a mixed picture. Chen (1995 p29) describes Confucian gentleman as "a Confucian gentleman should be a group man, willing to

cooperate with people surrounding him. He is not encouraged to ask 'What are my rights?' As an integral element to the community, he should refrain from openly displaying his egotistical drive because such behaviour will bring disdain and criticism from others in the community." These characteristics show a picture of 'femininity'. However, Chen (1995, p30) also indicates that 'In the Confucian ethic there is also a transformative potential.' From the case study presented at the end of this paper, it will become clear that Chinese managerial values in the Chinese enterprise investigated are quite familiar with the characteristics of masculinity described by Hofstede, which have high scores in most Western countries.

In Hofstede's study, the fourth dimension is uncertainty avoidance, which is also ambiguous in the context of China. But Chimezie et al. (1993) indicate that a strong avoidance of uncertainty among Chinese. In other words, Chinese have a strong desire to maintain social order with a degree of predictability. In fact, the characteristics of avoiding uncertainty in Chinese society can also be assumed according to Hofstede's Confucian dimension, in which Chinese are characterised by long-term values (Hofstede, 1991). Yeung and Tung (1996) also indicate that because Confucian societies assume the interdependence of events, and understand all social interactions within the context of a long-term balance sheet, Confucian Chinese is moderate in all things and they avoid extremes. Chinese are reluctant to take unpredictable risks.

A new paradigm has been defined by Hofstede and Bond (1988): Long term vs. Short-term perspective (Confucian dynamism), which emphasises the obligations of relationship, virtuous behaviour towards others and moderate living. China, Taiwan, Japan, South Korea and Singapore are on the list for the long-term orientation (Hofstede, 1991; Hofstede and Bond, 1988). According to Jackson and Bak (1998), the different perspectives of time between China and the West have implications for the perception of objectives, where the achievement of short-term objectives as an indicator of individual achievement may not be appreciate in China. In management practices, quick 'fix management' approaches suggested by many Western management specialists also may not be appropriated in China, because from Chinese



cultural point of view, cause and effect of working achievement is more likely to be influenced by the external factors rather than internal factors (Jackson and Bak, 1998).

### **2.1.2 Further Discussions on Chinese Cultural Values: Differences between Eastern and Western Cultural Values**

Many researchers have identified that there are important constants that differentiate Eastern and Western cultures. (Steward and Donleavy, 1995; Chen, 1995; Triandis et al., 1988). A primary influence within the eastern culture is Confucianism (Chen, 1995; Engardio, 1995; Rolson et al., 1997). Like Buddhism and Taoism, Confucianism emphasises on the importance of the group in society (Chen, 1995; Dollinger, 1988). In contrast, the Judeo-Christian religion, which has been the primary influence in the west, emphasises on personal achievement and individual self-worth. Western ethics views the individual 'as an isolated entity' and 'as a force refreshing society', while the Confucian ethic regards the individual as the centre of relationships, thereby the cultural differences between Eastern and Western values may lead to different entrepreneurial spirits and management styles (Chen, 1995).

Chen (1995) and Hill (1997) explain the basic difference between Eastern and Western culture in terms of the relative focus on collectivism in the East versus individualism in the West. A collective orientation implies an emphasis on relationships, harmony, order, and discipline. These are the characteristics of Confucian values that focus on low internal competition, harmony in management and labour relationships (Steward and Donleavy, 1995). In terms of management, Chinese managerial values emphasises on the formal authority and interpersonal abilities (Vertinsky et al. in Jackson 1993). Chen (1995) explains that there are different cultural perceptions of rights and obligations between Confucian and Western Protestant ethics. The Western ethic is "highly rights-conscious and is keenly aware of one's rights within a given legal framework, know full-well where one's self-interests lie should a defence be necessary. However, a Confucian ethic has a strong sense of duty-consciousness.... (Chen, 1995, p29-30)".

There are many books and articles written on traditional Chinese culture. However, very few studies have been conducted on the effects of traditional Chinese cultural attributes on management in China or compared Chinese management styles with Western management styles (Chen, 1995; Child, 1994). Lockett (1988) identifies four main cultural values that may have particular impacts on Chinese management styles, namely, age and hierarchical respecting; group orientating; face saving and relationship maintaining. But Lockett's work didn't do further comparison with cultures outside Mainland China. Tung and Yeung (in Luthons, 1998, p72) identified six principles to analyze differences between eastern and western managerial values:

- Motive: Role Obligations vs. Self - Interest
- Reciprocation: Self - Loss vs. Self - Gain
- Time Orientation: Long - Term vs. Short - Term Perspective
- Power Differentiation: Xia vs. Power
- Nature of Power: Personal Power vs. Institutional Authority
- Sanction: Shame vs. Guilt

According to Tung and Yeung (in Luthonns, 1998), foreign managers may not be aware of the fact that people with different cultural values may not show the same reaction to organizational behaviours such as motivation strategies. For example, Chinese employees might show no reaction if one of their colleagues has been dismissed, because they might be afraid of expressing and they would like to show respects to the authority (as indicated in Hofstede's power distance). However their traditional 'Xia' (righteous, with sympathy to the weak) cultural value is against this decision compared with Western 'Power' value which emphasises competence and sympathy to the strong.

The misunderstanding can also be found in the studies of cross-cultural management. Although discussions on Chinese management are increasingly popular, it should be noted that Western philosophies, especially from American and Western European countries, have been dominant for a long time in the development of concepts and methods, describing how managers ought to think, behave and perform on their job. In the study of Chinese management practices, there is hardly any theoretical support for



the understanding Chinese philosophies (Child, 1994). Current research on Chinese management is being mostly conducted by Western scholars or overseas Chinese scholars outside China.

Besides cultural differences, there are also some superficial differences between Western and Chinese economic concepts such as ownership and industrial governance systems (Child, 1994). “ The Chinese concept of ownership is appreciably more ambiguous and is a political and ideological consideration rather than an economic and legal one... all the means of production are ultimately a public asset and that the state acts as the custodian of this public ownership (Child, 1994, p19)”. Two parallel hierarchies that consist of Chinese industrial government are administration and the communist party. China remains officially a political and economic system based on socialist ownership (Child, 1994).

More and more academic writers have admitted that the opening up of China for West-East joint ventures and the reform of Chinese SOEs have provided a basis for new thoughts in management theories. Therefore, the study on the impact of Western management ideas on Chinese organizational management and Chinese managerial values will not only provide a challenging application for competing theories on management and organization, but also help foreign investors operate their business in China more smoothly and efficiently.

## **2.2 The Economic Environment in China: From Communist Planning Economy to Chinese Socialist Marketing Economy**

In this section, political factors and regulatory environment that influence Chinese managerial values and organizational management are discussed. Currently, the research on multinational enterprises (MNEs) has hovered around the question ‘ Is it possible to create a common corporate culture for a seamless global organization?’. A pure marketing-driven convergence, namely ‘globalization’ (Hill, 1997), would most clearly support the notion that a single set of values for all individual nations is possible. Conversely, a pure culture-driven divergence would argue most strongly against this possibility, which has been discussed above. In terms of the international

management in China, this situation can be interpreted as ‘will the Chinese managerial values be changed with the economic development and the influence of Western management practices?’ In this section, an attempt has been made to answer this question by explaining the development of Chinese SOEs and the emerging foreign invested enterprises in China.

### **2.2.1 The Iron Bowl Period**

Historians tell us that China is more than 5,000 years old. They also tell us that the cultural and social identity of the Chinese people has not changed much during that time, although China has not always been unified. Most recently, following the post world war II withdrawal of the Japanese from Chinese territory, the Chinese Communists, led by Mao Tse Tung, successfully fought to take over mainland China. Between 1949 to 1978, the Chinese economy was a slave to the Stalinist principles of central planning, which provided only the barest essentials of life. China, once a great and wealthy empire, found herself among the world’s poorest nations when the door was opened to the world in 1979.

In early 1950s, industry and commerce in China were passed into state ownership, and welfare measures were introduced to protect the workers. Most of the urban residents were assigned to a Danwei or unit, the place of employment or study, which took care of just about all their basic needs. A worker lived in the housing provided by his unit, which also guaranteed a certain level of rations, medical care, pensions and sometimes even schooling. Once attached to a unit, a person usually stayed there for life. The problem of this system was he also lost his freedom of choice of jobs. Dismissal was rare, and when the time came for retirement, the job could be taken up by one of his children. It was a ‘cradle-to-grave’ welfare system that the Chinese themselves called the ‘iron bowl’, which would never shatter and was always available.

In spite of these benefits the Chinese worker obtained, the existence of the ‘iron bowl’ is a total disaster to the country’s economy. The command economy functioned poorly. The inefficient management, wasted resources, arbitrary pricing and stultifying



bureaucracy all added up to inefficient production and low standards of living for not only workers but also for the managers in Chinese SOEs. Within two years of Chairman Mao's death in 1976, capitalism started to creep in slowly again.

### **2.2.2 State Enterprise Reform**

Under vice-premier Deng Xiaoping, who succeeded Mao in 1976, China slowly began to open its borders to foreign capital, technology, and know-how. The 'Open door' policy, launched by Deng Xiaoping in 1979, was designed to attract foreign investment and joint venture projects. And the Special Economic Zones established along the southern coast were intended to be the focus for such investment.

Although economic development over the last decade has resulted in the dilution and transfer of state ownership of enterprises to multiple ownership of international joint ventures (IJVs), foreign wholly owned ventures, township enterprises and private enterprises, state owned enterprises still remain the dominated strength of the Chinese economy and now account for more than 64.4 % of production resources and 25.5% industrial output (Zaobao, 3 August 1999).

However, it is well known that Chinese state owned enterprises have a reputation for poor efficiency and bad management. The malaise of typical state owned enterprises is characterised by their lack of motivation because their performance is not linked to individuals' own interests (Zhu, 1996). Faced by severe competition, wholly state owned Chinese enterprises have been hit hard by heavy losses, which has made their future look increasingly bleak. By late 1998, there were more than 6700 large and medium Chinese SOEs in China. It was estimated that over 30% of these state owned enterprise were having losses and less than 10% were operating at full capacity (Zaobao, 3 August, 1999). The urgency in solving the problem of a large number of bankrupted state owned enterprises is becoming even more acute. Child (1994, p19) concludes five main areas that Chinese SOEs need to improve:

1. Rational systematic methods of managing complex organization should be introduced.
2. People should be trained in the necessary technical and managerial competences.
3. Sufficient autonomy should be granted to those in charge of enterprises.
4. The development of systems to motivate people at work should be encouraged
5. Efficient means for marketing adaptation should be created.

Because of restrictions in the operational environment as well as major structural and managerial problems, mild reform measures could not save Chinese SOEs. Two responsibility systems have been introduced based on this reason. The first was the 'enterprise responsibility system', which was intended to decentralize responsibility for the operation and performance of Chinese SOEs down from higher administrative ministries and bureaus to the enterprises themselves (Warner, 1996). The second was the director responsibility system that was intended to concentrate on internal executive authority into the hands of enterprise directors. Of course, directors are still supervised by the Party committee (Warner, 1996). The reforms were primarily intended at decentralizing administrative orders from the state into SOEs themselves that could carry out market transactions based on their own strategic judgements (Warner, 1996).

It is very clear that the economic reforms have provoked dramatic changes in most of Chinese enterprises. With the introduction of the management responsibility system into state owned enterprises, enterprises began to enjoy a greater say in their own management. The entry of market elements into the socialist economy has brought about a new degree of efficiency and productivity into the Chinese SOEs. Riskin (1987) and Sha (1987) indicate that the most significant achievement of the economic reform is that it has greatly freed enterprises from the restrictions of the state administration. The state owned enterprise has become a relatively autonomous production unit responsible for its own profits and losses. Thus, a reformed Chinese SOE is much more capable of transformation and growth by acting as a legal entity with clearly defined rights and duties (Riskin, 1987; Sha, 1987).



Child (1994) also indicates that China adopted a “Director Responsibility System” in 1984 and a “Contact Management Responsibility System” in 1986. Both systems required directors or managers to assume full responsibilities for the enterprise. Sha (1987, p699) has identified the result of the increased decision-making powers as the changed role of a manager “from merely an administrator responsible for carrying out government orders to a manufacturer and marketer of goods with full powers to decide on management matters and full responsibility for the enterprise’s performance.”

The reform has had an impact not only on Chinese SOE’s decision-making powers but also on Chinese manager’s management styles and their working values. Warner (1993) claims that Chinese managers no longer depend on political or technical aptitude. They are keen to improve the ability to tap the market opportunities in order to sustain competition from foreign enterprises. Managers in Chinese SOEs now need more management skills and adjust themselves under the pressure of autonomy, competition and uncertainty (Child, 1994; Warner, 1993). Under these circumstances, the lack of adequately efficient management skills becomes a major problem in achieving modernization and implementing industrial reform (Child, 1994; Warner, 1993). Zhu (1996) points out that recently more and more Chinese SOEs as well as international joint ventures are placing increasingly emphasis on employees’ training and development.

### **2.2.3 The Development of Chinese-Foreign Joint Ventures**

Since foreign investors are allowed to operate in China, many local companies with potential have formed JVs with foreign partners to provide them with a better grip on their business and a stronger sense of competition. In order to revitalise those state owned enterprise, among the many measures taken by Chinese government, joint venturing the enterprises with a foreign investors has received intensive attention. Joint ventured enterprises are regarded as a major strategy that Chinese government is using to revive state owned enterprises (Tsang, 1998). Chen (1995) lists advantages for both Chinese SOEs and foreign investors to forming joint ventures as below:

- Chinese SOEs can obtain more autonomy and have their responsibilities for gains and losses.
- Workers are willing to work harder for more benefits.
- Chinese SOEs can absorb foreign technologies and apply advanced management. Foreign technologies and advanced management can help Chinese SOEs to adapt themselves to the demands of a market economy in an international market.
- Foreign investors can find their benefit in terms of facilities and equipment, the quality of employees, supply and demand channels and social relations

Since China opened to foreign investment in 1979, it has attracted approximately U.S.\$289 billion worth of foreign investment into the country, with approved enterprises reaching 334,000 by 1999 (Mingbao, Sept. 16, 1999). In 1994, state-owned enterprises employed 82.6 percent of all employees in the industrial sector (China's Statistical Year Book, 1996). However by 1995, more than 2 million employees were recruited by international joint ventures and foreign subsidiaries, which were nearly 45% of the total number of recruited employees (China's Statistical Year Book, 1996). Equity joint ventures accounted for about half of the country's total direct foreign investment, and were favoured by foreign investors.

Since 1997, the Chinese Communist Party has intended to regroup the state enterprises via a stock holding system without insisting on national ownership (at least for small and medium sized SOEs). This means that a large-scale change of privatisation or ownership in many sectors of Chinese industry has forced state enterprises to be put 'on sale' in part or as a whole (Mingbao, Sept. 16, 1999). This opportunity has given foreign investors a much bigger freedom to take over Chinese enterprises and allowed them more choice in their venture partners and industrial sectors. As indicated above, SOEs still account for a dominant proportion of the national economy, so the privatisation of Chinese SOEs offers foreign investment an enormous opportunity to venture in China for its domestic market as well as a base for exporting. Issues relating to joint ventures with Chinese state enterprises are anticipated to be an active area of extensive research.



Foreign investors normally expect high profit return from their ventures on the basis of technology, high quality of products and efficient business operation. They have therefore been quite concerned to introduce what are in their eyes 'advanced management practices' (Child, 1994). This concern is particularly in the case of MNEs, which desire to manage Chinese ventures as subsidiaries within the overall network of the company's global operations. MNEs' long-term profit making stems from the good name of the company, brand image and the reputation of the service (Hill, 1997).

Many papers and books have been written on the key factors contributing to the joint venture's success in China. General views, according to Selmer (1998), include the abilities of the parent company to benefit from its partner in terms of technology, management skills, market shares, etc. However, owing to differences in social and cultural backgrounds, ideological concepts and historical developments, many potential conflicts may stand in the way of success (Child, 1994; Zhu, 1996; Steward and Donleavy; Ralston et. al 1996). Child (1994, p. 255) classifies the problems confronted by foreign managers working in China into two categories. They are problems of human resource management and problems arising from the character of the Chinese state-owned enterprises with which the great majority of joint ventures have been formed, and for the system under those enterprises have been operating.

Selmer (1998) criticizes that the current research on Sino-foreign JVs and foreign-owned enterprises is too much focused on the problems of foreign business representatives. The problems from the side of Chinese managers and Chinese employees are ignored. He states: "There are always two sides to a coin and, although little documented by systematic empirical research, I am convinced that Chinese managers and employees perceive that they have as many problems with foreign business representatives as the other way around. It is my sincere hope that any a more balanced view where both 'sides of the coin' will be adequately presented and argued (Selmer, 1998, p8)."

## **2.3 The Change of Managerial Values in China**

### **2.3.1 Differences in Ideologies: Socialist versus Capitalist**

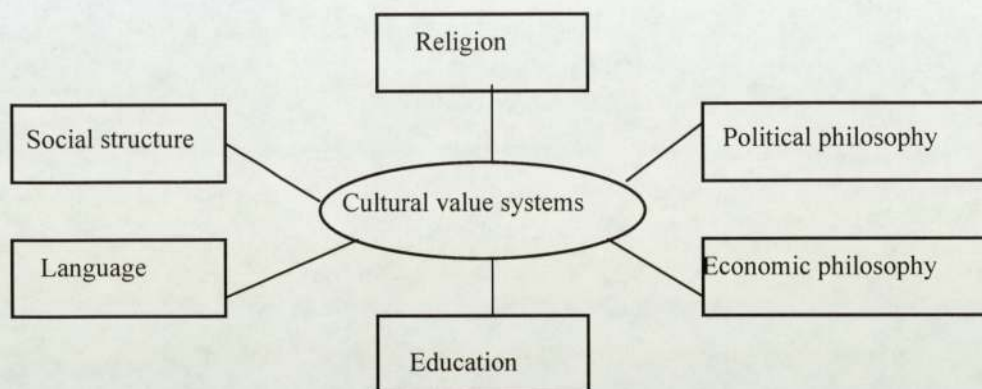
As well as theoretical debates on the relationships between national cultures and organizational cultures and management styles, there are several theoretical arguments to support the hypothesis of globalization based upon the convention that the MNEs' established systems of organizational design and management are universally superior. According to convergence theory (England and Lee, 1974; Yip, 1992), management systems developed in Western countries provide a focus for convergence in all national environments. Western management practices such as management techniques and organizational behaviours would comprise the force for the change in developing countries, including those with socialistic economics. The work values in the developing countries, whatever kind of cultures they are involved in, are expected to be driven to individualistic work values in industrialized Western countries. However, the opponent to the Convergence theory opines that national culture is the key factor in maintaining the work values instead of economic ideology. The work values will remain unchanged because of the cultural influence (Ricks et al. 1990). For example, as Shaw et al. (1991) indicate, there is no evidence to show that former socialist countries such as Russia would shift their work values toward Western work values.

Between the two extreme theories, many researchers argue that the cultural value is not an independent concept. Vertinsky (in Jackson 1995, p80) states "normative systems are moulded by differences in political and regulatory environments and differences in ethnic cultures." Hill (1997, p69) also addresses that "the values and norms of a culture do not emerge from nowhere fully formed. They are the evolutionary product of a number of factors at work in a society. These factors include the prevailing political and economic philosophy, the social structure of a society, and the dominant religion, language, and education. ....While factors such as social structure and religion clearly influence the values and norms of a society, the values and norms of a society can influence social structure and religion." According to Hill (Figure 4), all cultural value systems are formed and influenced by various environmental factors, which also interact with each other. In contrast to Shaw's finding, Hill (1997) argues that work



value systems of many ex-communist states, such as Russia, are undergoing significant changes as those countries move away from values that emphasize collectivism towards those emphasizing individualism.

**Figure 4:** The Determinants of Culture



Source: Hill (1997) International Business, Irwin McGraw-Hill

Ralston et al. (1997) and other researchers define the economic systems under different political backgrounds as the ‘economic ideology’. In their study, they compared two major economic ideologies in the world today- Capitalism and Socialism. Like the difference between the Eastern and Western cultures, Capitalism and Socialism have also important constants that differentiate them from each other (Ralston et al., 1997). According to Aslund (1994), Capitalism has been described as a self-serving economic system where everyone concerns his or her own self-interests. However, the collectivist views of Socialism support that all should contribute for the good of the society and group, and share equally in their rewards (Ralston et. al., 1997).

Similar to the comparison of East-West cultures, socialist and capitalist ideologies are also the focus on the ‘good -of -the group of socialism’ and on the ‘good-of- the individual of capitalism’ (Ralston et at. 1997). So the integration of national culture and economic ideology will be largely responsible for the managerial work values (Ralston el. at. 1997). However, the traditional Chinese culture and socialist ideology also seem to collide. For example, through an empirical study of work values in eight different countries including China and Taiwan which have the same cultural

background, Elizur et al. (1991) indicate that Mainland China scores low on the instrumental values, such as pay, benefits, convenient working hours and working condition. Taiwan, in contrast, which has the same fundamental Chinese cultural characteristics, scores high on the instrumental values. Elizur et al. (1991) attribute this difference to the several decades of socialist influence in Taiwan rather than any fundamental Chinese cultural characteristics and assume that it is possible to separate these.

China is not only one of the fastest growing economy in the world, but also the leading socialist economy. More and more evidence shows that China is in an apparent transition to capitalism. However the socialist philosophy still applies strongly to ownership of means of production. The system of state socialist industrial governance and the continuing strength of traditional culture have been identified as obstacles to effective modernization of management (Child 1994), although traditional Chinese culture has its own competitive advantage (Chen, 1995). So how are Chinese managerial values going to be affected by the economic development and Western influence?

### **2.3.2 Chinese Managerial Values in Transition**

In fact, the current research on the change of Chinese managerial values shows a mixed picture. As Child (1994) indicates, Chinese managers themselves would like to experience and exercise Western management practices. This is because China needs to adopt advanced management practices and organizational reforms to suit the increasingly competitive and open economy. Therefore, Chinese managerial values would be influenced by the economic development. However, “because of the social process and relationships through the Chinese conventions, ....people who are involved in those processes will remain peculiarly Chinese (Child, 1994, p31).”

Some researchers believe that the value system in China is changing. Cyr and Frost (1991) argue that Chinese workers are shifting towards a value system that is more goal-achievement oriented rather than egalitarian. Chen (1995) also notes that things



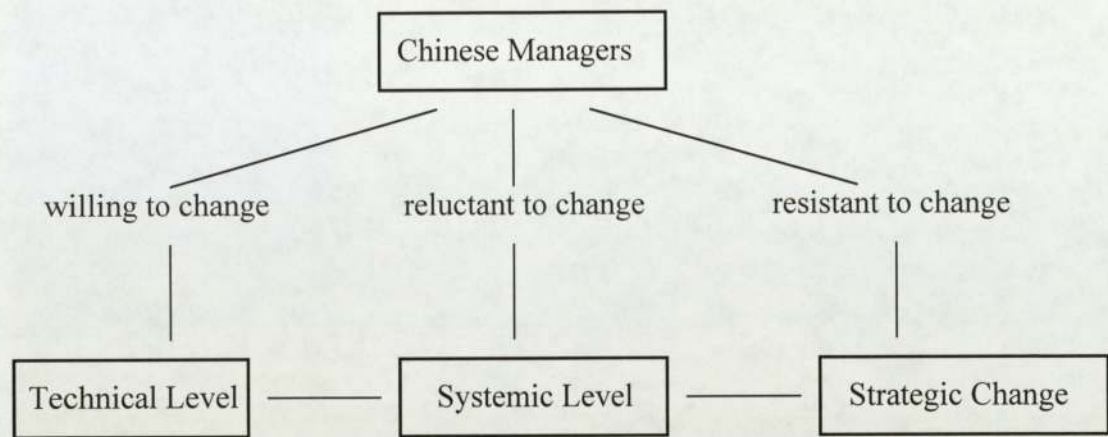
are changing very rapidly in China, and indicates that work values cannot be expected to be stable when the economic system is undergoing tremendous change. Hill (1997) explains that 'economic advancement and globalization' may result in changes in the cultural values of developing countries. Economic progress is accompanied by a shift in values from collectivism toward individualism. That means that with the economic development, the traditional cultures associated with poor backward societies may decline and greater economic freedom may lead to an increase in expressing individualism. In the case of Chinese management, Warner (1996) indicates that management reforms have had an impact on organizations and brought about a change in the Chinese management systems. However, in Warner's article, there is no further discussion on the impact of management reforms on Chinese managerial behaviour.

The opposite argument indicates that empirical evidence from Mainland China does not provide unequivocal evidence to show that China is moving towards an individualism society (Vertinsi, Tse, Wehrung and Lee, 1990). Vertinski et al points out that Chinese society emphasises more on ascribed rather than achieved status. Although Chen (1995) admits the value change in China, he also notices the prediction that value change may not be accurate in the immediate present or future. "It seems likely that existing research on Chinese value changes would be embraced most by younger employees less steeped in traditional culture or the regression of the economic preferences and the latter embracing intrinsic and achievement oriented items to a greater extent (Chen 1995, p408)." Child (1994) also indicates that because of the loss of individual or group benefits, there is going to be more resistance to the economic reform and introduction to Western advanced management practices in China.

Child (1994) conducted a research to investigate the impact of Chinese economic reform and Western investment on Chinese management practices. According to him, there are three levels of the change in Chinese management as a result of foreign involvement and Chinese management reform (figure 5). They are:

- The technical level, which refers to the introduction of new techniques
- The systemic level, which refers to the introduction of new systems
- The strategic change, which refers to the instruction of a new pattern of thinking

**Figure 5** Chinese Attitudes toward Foreign Management



Source: Child (1994), *Management in China During the Age of Reform*, Cambridge University Press, p265-276

As illustrated in Figure 5, the introduction of new technically related practices is welcome by Chinese managers in Sino-Western JVs. Chinese managers are also willing to learn the advanced techniques without any complaints. However Chinese managers show unwillingness to accept systemic change involving formalization and human resource management. The main difficulty comes at the level of strategic learning. The research has identified that it is difficult for Chinese managers to develop a new pattern of thinking about business objectives. Child (1994) argues that the resistance of Chinese managers to the Western influence at strategic level is due to traditional Chinese cultural values.

In contrast to considering the traditional Chinese culture as an obstacle to the management reform in China, Fisher and Xue (1998) argue that, in Chinese workplaces, Chinese cultural values have been used to develop warm relationships with their employees in the form of managerial paternalism. Socialist state-owned employers are usually responsible for providing housing, medical care, and education to employees' families. Until recently, they also provided lifetime employment, though a contract system that is still in place for many employees (Warner, 1996a).



There is also evidence to show that efforts have been made by Chinese government to re-emphasize Chinese cultural roots and uniqueness in order to defend an increasingly homogenous and materialistic world (Shenyang Daily Newspaper 10 Sept., 1999). It is necessary for the Communist Party to emphasize the traditional Chinese cultural education, such as collectivist education, in order to maintain the dominance of Communist ideology. In other words, even though the socialist model of management is most likely to be subject to substantial evolution with the economic development, China will insist on the socialist economic systems (Ming Pao, June 3, 1999).

There are different opinions about the changes in Chinese cultural values. It can be concluded that the two main factors that may influence the change of Chinese managerial values are Chinese culture and socialist ideology, which usually interact with each other. The combination of Chinese culture and socialist ideology has formed one of the main characteristics in Chinese organizational cultures and management styles. Child (1994, p34) indicates that "...culture or system is the more powerful force shaping Chinese organizational behaviour." Even though Child (1994, p34) argues that Chinese culture and socialist ideology tend to work together against the success of an economic reform, sympathetic understanding of employees' personal problems and superiors' personal loyalty to employees are still seen as being very important in Chinese SOEs, even in those that are foreign-managed (Fisher and Xue, 1998).

## **2.4 Summary and Hypotheses Identified**

Although much work has been done about the intentions of the reform and the organizational management of foreign enterprises in China, Child (1994, p3-4) criticizes that many papers have been written by non-Chinese authors on the basis of "quick, one off and generally superficial studies which concentrate on the aspect of Chinese management attitudes or experience. These reports often employ a questionnaire-based methodology, the validity of which is particularly suspect in this context ". The research conducted by non-Chinese authors is 'rarely informative in terms of their results' (Child, 1994, p 5). This may result in understanding Chinese managerial behaviours based on Western

philosophies. Even for the work done by Chinese authors, Child (1994, p5) also criticizes that although some authors present useful material, however “ they do not usually permit the reader to assess the quality of the sources of their information. ....It is also rather rare for them to present a broader comparative picture.”

In terms of comparative studies, Selmer (1998) indicates that current studies have too much concern on how to promote the strategic management in foreign subsidiaries in China superficially. However, there is little understanding about Chinese managerial adaptation (Selmer, 1998). In other words, will Chinese managers and employees accept Western management practices?

The issues concerning management in China show that there are differences in the value systems held by most Westerners and Chinese, which may lead to differences in the perception of designing corporate culture and management styles. It is difficult to make any conclusive assumptions about the extent to which Western management practices may influence Chinese management. However it can be assumed that, based on theoretical discussion above, Chinese corporate cultures and managerial values will be in the process of change owing to the influence of Western management styles.

Therefore, the following hypothesis is suggested:

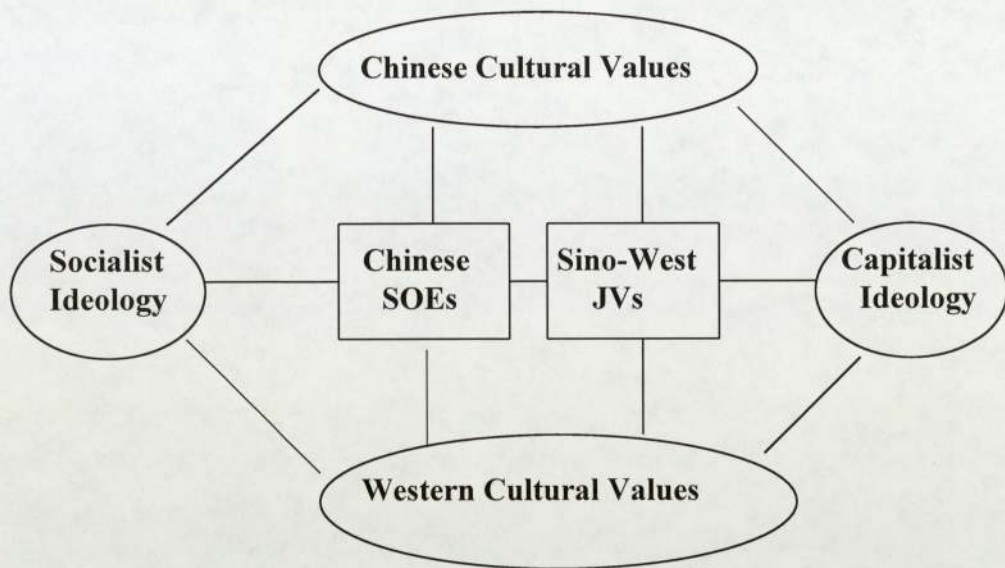
#### *Hypothesis One*

- Corporate cultures and Chinese managerial values will undergo a change with the integration of Western cultures due to the involvement of foreign investment and the economic reform in China.

In addition, in order to assess the current change of Chinese management practises, organizational and managerial differences between Chinese SOEs and Sino-Western JVs need to be tested.



**Figure 6** Factors Having Impact on Chinese SOEs and Sino-Western JVs



The relationship of the factors, which are having major impact of the development of the enterprises in China, is conceptualised in the Figure 6. According to Figure 6, it can be assumed that there is going to be organizational and managerial difference between Chinese enterprises influenced by more Western value systems (capitalist) and those influenced by less capitalist ideology. This point can be seen more clearly on the organizational level, especially the comparative study between the Chinese SOEs and Sino-Western JVs. Based on the Figure 6, it can be identified that Chinese managers in Chinese SOEs are mainly under the control of socialist ideologies. And Chinese managers in the Sino-Western JVs are strongly influenced by capitalist ideologies. Based on this, hypothesis two can be suggested:

*Hypothesis Two:*

There are going to be some differences in organizational cultures and managerial values between Chinese SOEs and Sino-Western JVs.

However, it should notice that organizational cultures and management styles in Chinese SOEs should also change according to the development of economic environment in order for them to compete with business counterparts such as JVs,

private enterprises and even MNEs that are gradually investing in Chinese markets. Efficient corporate cultures and advanced management styles are essential for Chinese SOEs to survive in competition.

Compared to the extensive research on the Sino-Western JVs' strategic management, Chinese SOEs are less studied. The lack of understanding of Chinese managerial values can be regarded as one of the obstacles that restrict foreign investors from launching organizational design and adopting efficient management practices in China. The research in this context has practical implications on the understanding of future management practices in China.



## **Chapter 3**

### **RESEARCH METHODOLOGY**

#### **3.1 Research Methods: Strengths and Weaknesses**

When doing business research, like any type of research in the social sciences, there is no perfect method. Every method is flawed in one-way or the other. Triandis et al. (1988) argue that some methods are more appropriate than the others depending on the situation and the nature of the research. Hussey, J. and Hussey, R. (1997) indicate that to use both qualitative and quantitative methods for collecting data is perfectly possible and even advantageous way for doing business research.

In the case of current research in China, two main research methods are often used: questionnaire survey and personal investigation (field study). Questionnaire survey can be divided into postal distribution of questionnaires and personal distribution of questionnaires such as telephone survey and face-to-face survey (Hussey and Hussey, 1997). Most researchers in the Western countries such as UK, USA and Canada often use postal questionnaire survey for the study of foreign investment in China because this is an inexpensive method. Many articles have been published based on this research method.

Actually the weaknesses of questionnaire survey in China can be identified clearly from the current research. Many papers on the Chinese management have repeatedly argued on a few superficial points. Even though some of the researchers have identified creative ideas, it is rare for them to provide a convincing explanation based on the research of the objective reality. Few have examined in detail as to what is happening in Chinese organizations.

As Selmer (1998) indicates, a huge amount of research has been done to help foreign investors operate their business more efficiently in China. But according to Child (1994), there is a doubt that if those research results based on the questionnaire survey

can actually meet the need of managers, especially the needs of Western managers working in China. Also, the low response rate is another weakness for the method of questionnaire survey, especially in the case of China. Chinese managers are unwilling to respond request from researchers. Because of the complex business situation in China, there is not too much practical and immediate significance if the research result is based on a pure questionnaire survey.

However traditional research methods in the social sciences employ questionnaires. The questionnaire survey could provide quantitative data for the general trend. In fact, efforts have been made by researchers to overcome the weaknesses of questionnaire survey. For example, in order to avoid the low response rate, Triandis (1988) indicates that setting up an international collaborator network has been proved to be the most efficient way for the research internationally. In the case of China, collaborator research network is the most popular way for the research investigation and data collection. Child (1994) work and Warner (1996) research on Chinese management are two best examples. Both of them have published a series of articles and books based on the collaboration with their Chinese colleagues in China. With Chinese collaborators' help, they have conducted investigation in person within many Chinese enterprises and Sino-foreign joint ventures.

Although there are some weaknesses related to the questionnaire survey, in this research, it was still decided that the postal questionnaire method would be the best choice to employ due to the time and financial constraints. However, in order to compensate and overcome those common problems mentioned above, the phenomenological methodology, a case study has also been introduced in this research.

As Hussey et al (1997) indicate, qualitative approaches are becoming more acceptable and appropriate for many business research studies. The qualitative research method such as a case study could provide an in-depth insights and illuminations. They address that "case studies are often described as exploratory research, used in areas where there are few theories or a deficient body of knowledge (Hussey and Hussey, 1997, p64)." As being indicated in the literature part, the current research on the change of Chinese



organizational cultures and management styles is quite limited, especially in the reformed Chinese State Owned enterprise. This is another main reason for employing a case study in this research.

Furthermore, Hussey and Hussey (1997, p65) describe the following types of case studies: “Descriptive case studies where the objective is restricted to describing current practice; Illustrative case studies where the research attempts to illustrate new and possibly innovative practices adopted by particular companies; Experimental case studies where the research examines the difficulties in implementing new procedure and techniques in an organization and evaluating the benefits; Explanatory case studies where existing theory is used to understand and explain what is happening.” According to the purpose in this research, the case study is used to explore current management practices in a Chinese organization. The objectives of the research are restricted to its organizational cultures and management styles.

It has been identified that the qualitative research methods such as case studies can provide more valuable and valid information compared to questionnaire survey. However the main conditions for this field study are - ‘if you can afford it’ and ‘if you can obtain research assistance from Chinese enterprises.’ Besides, the access to the information for the case study in China is very difficult. The relationship ‘Guanxi’ (Teung and Tung, 1998) is one of the essential issues that can help you obtain information in China. In addition, a case study may be limited to just a few aspects of organizational life (Hussey, J. and Hussey, R. 1997). It will be difficult to draw a general conclusion too. However, a case study can produce an original and vivid picture of what it is happening in the organization. As Yin (1994) identifies that a case study not only can explore a certain phenomena, but helps to understand them within a particular context.

Based on the discussion above, the research method consists of two parts in this research. The method of questionnaire survey was first chosen to identify questions and test hypotheses. Hypothesis One has been tested statistically by the comparative study between current Chinese management practices and their future tendency. Meanwhile, Differences between two types of organizations - Chinese SOEs and Sino-Western JVs (Hypothesis Two) have also been statistically analyzed in order to

enhance Hypothesis One. A case study was then conducted to support the findings of the questionnaire survey and provide some vivid explanation.

### **3.1.1 The Process of Questionnaire Survey**

The questionnaire employed in this research was developed by Jackson (1998). (Appendix A). Adler and Graham (1989) indicate that the questionnaire developed by Western scholars were not always culturally equivalent. In other words, the questionnaire developed by a Western scholar could be influenced by Western cultural philosophy. In this study, Jackson's questionnaire has been used based on the following three reasons:

Firstly, the questionnaire was originally designed on a cross-cultural base. Questionnaires have been used in a cross-cultural research in different countries and regions including South Africa, India, Australia and some African countries. Many papers based on this questionnaire have been published.

Secondly, the content of the questionnaire has been checked and agreed by Chinese researchers who have provided assistance and participated in this research. Chinese researchers are all academic professors and lecturers teaching business or management in Chinese universities. Both Chinese researchers and Chinese managers involved in this research have agreed that this questionnaire can reflect the current organizational and managerial issues in China.

Thirdly, as a part of the whole research project on the cross-cultural management, a further research may be conducted in other countries in order to do more comparative studies.

In terms of questionnaire design, the questionnaire is based on two parts: organizational culture and management styles: The section of organizational part is to discern perceptions of current organization culture, 'deal' organizational culture and the direction of change in organizational culture. This section draws extensively on



items employed by Vertinsky, Tse, Wehrung and Lee (in Jackson, 1998) in their analysis of organizational design and management norms. It also embodies, for example, many of the elements of organizational culture posited by Reynolds (in Jackson, 1998) and Hofstede, Neujen, Ohayv and Sanders (in Jackson, 1998).

Reynolds (in Jackson, 1998) identified 14 elements of organizational culture commonly referred to in the academic and popular management literature, namely: external versus internal emphasis; task versus social focus; safety versus risk; conformity versus individuality; individual versus group rewards; centralized versus decentralized; shocking versus planning; stability versus innovation; co-operation versus competition; simple versus complex organization; informal versus formalized procedures; high versus low loyalty; ignorance versus knowledge of organizational expectations. In addition, Hofstede et al. (1990)'s 6 dimensions of organizational cultures are also included in the organizational section.

The main purpose of the organizational part is that it focuses on organizational culture. However the questionnaire items include the attitudes of national culture as well as the attitudes of organizational culture. National cultures can be explained by the items in the questionnaire such as levels of hierarchy, centralization, power distance and uncertainty avoidance. No attempt has been made to construct discrete scales (a 'scale' is a number of items which contribute to the same concept or dimension).

In the management part, items were mainly designed based on the work of England (1998, in Jackson, 1998) and McClelland (in Jackson, 1998). England's work focuses on work centrality and work goals. McClelland's work (also in Jackson, 1998) discusses in detail his theory of achievement, power and affiliation motivation, which correlates with Hofstede's cultural dimensions. The items of the management part represent various aspects of work motivation, collective orientation, self or individualism and dimensions of humanism versus instrumentalism (Appendix A). Lane and Distefano's work (1992), which provides detailed descriptions of cultural variables, has also been used as a basis in this part. The detailed theoretical framework of the management part can be found in Appendix A.

A Likert scale for both the organizational as well as the management part was used. In the organizational part the scale goes from 1 = *not like this at all* to 5 = *exactly like this* with three different statements: *My organization at the moment*, to describe the current situation; *the way I would like it to be*, to describe the perception of the ideal by the respondents; and *the way it is going to be*, to describe the direction of change. In the managerial value part the scale goes from 1 = *least like* to 5 = *most like* with three statements that *Me, as a manager*, which means that respondents view themselves in the role of a manager; *Managers generally in organizations*, which is concerning managers generally in the organization; and *managers required for the future*, which means the type of managers needed for future organizations.

Independent variables are the level of management position (junior, middle and senior), number of subordinates, sex, age, nationality (all are People Republic of China), the language (all are Chinese), the type of the organization (Chinese SOEs and Sino-Western JVs), Sector of industry, the size of the organization and the number of employees. The independent variable used for the statistical test is the type of enterprises.

The questionnaire is in an English version. Therefore, it was necessary to translate it into Chinese. The questionnaire was originally translated by Professor Li (a collaborator of the research project on the cross-cultural management research), at Chinese People's University in Beijing, and then double translated by the author and other researchers in China. This helped Chinese respondents to better understand the questions and made the survey more suitable to Chinese context. In order to reduce Chinese managers' fear of the disclosure of their views, which could be partially due to the frequent political purges that people have suffered since the PRC was founded, and to avoid any possible uncertainty, respondents were assured that all answers were strictly confidential and anonymous.

From December 1998 to March 1999, 42 letters had been sent to potential professional researchers in Chinese universities to ask them to join research activities. Eight professors and lecturers from China had responded to the invitation. From April 1999



to May 1999, about 400 questionnaires were originally sent out. By August 1999, 376 questionnaires have been received (94% of response rate). Among them, some questionnaires were not used due to the fact that there would be too many blank spaces for analysis. Finally a total of 253 filled questionnaires were used for the data analysis. The questionnaires were mainly collected from Beijing, Dalian, Nanjing, Guangdong and Shanghai in China with the help of Professor Li at the People's University of China in Beijing; Professor Zhao at Nanjing University; Professor Yang at Fudan University in Shanghai; Dr. Jacky Hong at Macao University and Dr. Li at Dongbei Financial University, Dalian. The geographical areas of questionnaires collected can represent five most industrialized regions in China: Dalian, Beijing, Nanjing, Guangdong and Shanghai.

Academic researchers in China, including those named above, collected the questionnaires mainly in two ways. One was through their established relationships with enterprises and the other was to collect them at manager training classes offered by universities. Managers involved in this research ranged from junior to senior managers. The process of filling questionnaires has been administrated and instructed by those research collaborators in Chinese universities.

#### • Data Analysis

In order to analyze the data in the most efficient way, SPSS was employed. The questionnaire survey was designed to present three areas of results:

1. To provide a general view of Chinese organizational cultures and management styles.
2. To identify the differences between current situation and the future trend in terms of Chinese organizational and managerial working values.
3. To compare the organizational and managerial working values between Chinese SOEs and Sino-Western JVs.

Using the results of the questionnaire survey, three main statistical techniques have been adopted in the data analysis.

## ***Factor Analysis***

The use of exploratory factor analysis is a statistical technique to examine equivalence. Coakes and Steed (1999, p155) describe the factor analysis as “Factor analysis is a data reduction techniques used to reduce a large number of variables to a smaller set to underlying factors that summarise the essential information contained in the variables.” Actually, the use of factor analysis in social research is a quite complex issue. The purpose of factor analysis has been questioned and many downfalls have been identified (Van et. al, 1997).

Coakes and Steed (1999) indicate that factor analysis is frequently used as an exploratory technique “when the research wishes to summarize the structure of a set of variables (p155).” Based on this reason, the factor analysis of items in this research is to provide relevant dimensions. It has been identified that it might be easier to interpret data according to their relevant dimensions. In chapter 4, a general structure of Chinese organizational and managerial working values has been provided based on the factor analysis.

## ***Mann-Whitney U Test (Group)***

Distribution of data normality has been tested by a number of statistics (graphical Boxplot, Skewness and Kurtosis), normality cannot be assumed. So the attributes of each factorial dimension within organizational and management parts were analyzed by a non-parametric technique - the group Mann-Whitney U test, in order to identify different understandings between Chinese SOEs and JVs.

## ***Paired Mann-Whitney U***

Because the data violated the stringent assumptions of t-test, paired Mann-Whitney U test has been used to test the differences between current and projected perceptions in both organizational part and management part in order to identify the change of Chinese organizational cultures and managerial values.



Furthermore, statistical techniques - Reliability analysis (Cronbach's alpha) and Correlation (Pearson) have been used to examine the relationship between the individual items and the overall scale (or correlation) within each factorial group. The attributes that have the lowest corrected item-total correlations within each factorial group were removed.

### **3.1.2 The Process of the Case Study**

The main purpose of the case study in this research is to explore and identify the real situation of organizational culture and management styles in a reformed Chinese enterprise. Based on the research findings of the questionnaire survey (Chapter 4), it has been identified that Chinese organizational and managerial cultures are undergoing significant changes. And more significant changes will occur in the near future. However some attitudes, which reflect traditional Chinese cultural values, resist these changes, e.g. high level of hierarchy in the organizational part and being ethic in the management part.

Based on this reason, the following questions need to be answered – 'What's the impact of these changes on Chinese enterprises?' and 'How are Chinese cultural values which resist changes influencing the Chinese organizational cultures and management styles?' Because of the limitation of questionnaire survey, a case study has been used to provide a vivid explanation to these questions.

The case study in this research has followed the structure suggested by Hussey et al (1997).

**Selecting the case:** As one of the most successful Chinese enterprises, Blue Sword company was selected. Blue Sword is a large sized Chinese Stated Owned enterprise which has a very strong organizational culture. Most managers in this company believe that their success is due to Blue Sword's organizational culture. Based on a bankrupted small sized beer factory, Blue Sword has become one of the largest breweries in China. To study its development could provide more understanding of the change of Chinese organizational cultures and managerial values. Besides, Blue Sword's experience in

joint venturing with a multinational company is a good example to illustrate the complex business environment in China and Chinese cultural influence on Chinese organizations and management styles.

**Preliminary investigations and data stage:** According to Hussey (1997), the methods used to collect data in a case study include documentary analysis, interviews and observation. In this research, because of the financial and time limitation, only two methods, documentary analysis and interviews, have been used. The case study was mainly based on the information collected from three main sources:

- Senior managers in the enterprises, especially General Manager and Assistant to the Chairman of the Board;
- Officials of Economic Department at the local government;
- Research articles published related to the enterprise investigated.

The basic information was mainly provided by the Assistant to the General Manager at Blue Sword. Information related to the previous joint venture was provided by the local government in Sichuan Province. Some research papers published by Chinese researchers have also been used. Actually, a lot of effort has been made in order to develop ‘GuanXi’ for data collection. It has been proved that to develop a ‘Guanxi’ is a time-consuming (but fruitful) activity in China.

A few telephone interviews have also been conducted. However the method of communication were mainly via e-mail and postal letters to reduce cost. The communication with managers was done in an unstructured interview with open-ended questions. There are two benefits of the chat style communication. One is to get as much information as possible. The other is to avoid some sensitive questions because the author has been warned several times by the enterprise that they would not answer questions concerning any ‘business secrets’.

**The analysis stage:** the information collected for the case study has been divided into two main areas: original Blue Sword working values and the experience of joint venturing. According to the documentary analysis, Blue Sword’s working values are



around two distinct attitudes: the power of directors and market orientation. The experience of joint venturing is described according to the issues of the conflict between two partners.

**Conclusion stage:** In order to provide a clearly structural conclusion, the conclusion of the case study was made in Chapter 5, together with the conclusion of findings of questionnaire survey. The change of Chinese organizational cultures and management styles has been discussed in a general sense in Chapter 5.

It should be recalled that the enterprise selected in the case study is one of the most successful Chinese SOEs in China. Its successful history has its own background. In a very old and meaningful Chinese saying, this enterprise has the advantages of “heaven-made opportunities, favourable position and support of the people”. In other words, this enterprise cannot be regarded as a representative of typical Chinese enterprises. This enterprise was chosen as a case study because it can reflect the achievement of Chinese industrial reform and it has the experience in joint venturing with a Western MNE. Especially, this enterprise can provide the image of a reformed and modern Chinese enterprise with ‘advanced’ Western management styles.

### **3.2 Other Research Problems**

There are a number of limitations to this study. Firstly, it is somewhat limited in scope because of the small number of the questionnaires collected. This problem can be identified from the result of factor analysis of management part. Factors in the management part can only explain 36% of the variance. In contrast, 60% of variance has been explained in the organizational part. Secondly, the regional cultural difference in China is another important issue that cannot be directly compared (Child, 1994). Even though, with the economic development in China, the regional difference is becoming less obvious because of the high mobility of population, Child (1994, p29) addresses: “ In so large and diverse a country as China, a further complication arises in the use of the term ‘culture’...contrasts are often remarked between northern and southern China, which at certain time times have been divided politically and which haven’t even had a common spoken language. ....

Various authorities on Chinese culture put forward somewhat different lists of key elements which are likely to have a particular bearing on management.”

Although Chinese managers’ cultural, working or even political backgrounds can not be reached and controlled in this research, efforts have been made to avoid invalidity such as restricted areas in which samples would be collected. Dalian, one of the largest cities in the northeast, can represent northeast cultural group in China; Beijing, the Capital of China, can represent the cultural characteristics of ‘Central Plains’ in China; Shanghai, which was the earliest city invested in by Western countries, is becoming the most economic ‘hot zone’ in China; and Guangdong is the richest province in China.

Thirdly, despite the fact that the questionnaire was designed on the base of a cross-cultural research, it still has weaknesses in this Chinese value research. The weakness of the questionnaire is that managers tend to describe themselves better than other managers. Furthermore, more organizational and managerial attitudes related to Chinese cultural values should be considered in the questionnaire.

The fourth weak point is the limited information of the data collected from Sino-Western JVs. Compared with Chinese managers working in Chinese SOEs, managers working in JVs are unwilling to cooperate and fill the questionnaires. It is also difficult to identify which side (Chinese part or Western part) controls JVs, especially in equity JVs. Some of detailed information of their organizations is beyond the knowledge of middle and junior managers investigated.

Fifthly, as being discussed in the literature review, although most researchers on the foreign investment in China see Western countries as being one large cultural group compared with Chinese culture, it should be noticed that there are various cultural orientations among Western organizations. Managers of JVs were asked to indicate which country their foreign partners were from. Most Sino-Western JVs were invested by firms from United States. Others were invested by Western European firms. The comparative study on the organizational management across Western multinational companies in China could be an interesting research topic.



Finally, although great efforts have been made to maintain the validity of the research process in the case study, some key issues concerning the Chinese organization investigated could not be approached.

# Chapter 4

## Research Findings

The enterprises in this survey cover two industrial ownership categories in China: state-owned enterprises (SOEs) and Sino-Western Joint Ventures (JVs). A total of 253 suitable questionnaires were received in this aspect. Out of the total Chinese respondents, 98 of them were working in JVs and 155 were Chinese SOE managers (table 1). It should be noted that the enterprises investigated do not represent collective and private enterprises in China. The samples in this research cannot be taken as a full representative of Chinese enterprises. The industrial sections of the firms involved in this investigation are manufacturing (36.3%), finance and service (38.6%), trading (14.8%) and other types of business (10.3%). The distribution on position, company size and the type of company is shown in Table1.

**Table 1** The Distribution of Position, Company Size and the Type of Company

Position	Sum	%	Company size	Sum	%	Type of company	Sum	%
Junior managers	65	25	Large	112	44	Chinese SOEs	155	61
Middle managers	136	53	Medium	96	37	Sino-Western JVs	98	38
Senior managers	52	20	Small	45	17	No Answer	3	1
No answer	10	2	No answer	8	2	Total	253	100
Total	253	100	Total	253	100			

Most of the Chinese managers investigated were holding middle positions in their enterprises and represented 53% of the total respondents. 44% of the enterprises investigated belonged to large size enterprises in their own industrial sections. The respondents were asked to identify the size of their enterprises themselves instead of using a standard set by researchers. The managers who are working in Chinese SOEs (61%) were found to be more than the managers working in JVs (38%). By cross-tabulating the position and types of enterprises (Appendix B), it can be concluded that the percentage of managers working in Chinese SOEs and Sino-Western JVs shows a balanced picture with respect to their position holding and company sizes.



The distribution on sex is unbalanced. Female managers (21%) are much less than male managers (77%) (Table 2). The young and middle-aged managers accounted for the majority of the respondents.

**Table 2** The Sample Distribution on Sex and Age

Sex	Sum	%	Age	Sum	%
Female	52	21	<30	108	43
Male	195	77	<40	124	49
No answer	6	2	<50	37	17
Total	253	100	<60	8	3
			No answer	21	8
			Total	253	100

27 attributes of organizations and the 33 attributes of management were analyzed separately within 253 samples. The attributes of organization and management were subjected to factor analysis with varimax rotation to derive orthogonal factors. Even though there are some downfalls of factor analysis (Van et al., 1997), the use of exploratory factor analysis is the most frequently applied technique to examine equivalence and to reduce complex attributes, especially in the research of social sciences.

The factors were chosen based on the eigenvalues and the scree test results in this research. The attributes of each factorial dimension within organizational and management parts were also analyzed by the group Mann-Whitney U test to identify different understanding between Chinese SOEs and JVs. Because the data violated the stringent assumptions of t-test, paired Mann-Whitney U test has been used to test the differences between current and projected perceptions in both organizational part and management part in order to identify the change of Chinese organizational cultures and managerial values.

## 4.1 Organizational Part: Main Types Organizations Existing in China

The 25 attributes of organizational part were factor-analysed (because all of the respondents are Chinese managers and only two types of companies were involved, two items, 11. Foreign owned and 16. Inter ethnic harmony, are not included in the factorial analysis). Based on scree test results, six factors with eigenvalues greater than one were obtained. Thus explains nearly 60% of the variance associated with current Chinese organizational cultures. Items were assigned to scales only when the item had a factor loading of greater than 4 for a single factor. Statistical techniques - Reliability analysis (Cronbach's alpha) and Correlation (Pearson) have been used to examine the relationship between the individual items and the overall scale within each factorial group. The attributes that have the lowest corrected item-total correlations within each factorial group were removed.

**Table 3** Six Types of Chinese Organizational Cultures

	Factor	organization at the moment	The way I would like it	The way it is going
Factors ( % of Variance)	loading	mean (SD)	mean (SD)	mean (SD)
<b>factor 1 (18.80%) Ideal Chinese Organization**</b>				
26. Encourages diversity of opinions	0.756	2.81 (1.06)	4.07 (.85)	3.41 (1.06)
21. Consults employees	0.715	2.99 (1.04)	4.19 (.73)	3.58 (1.08)
15. Strong trade unions	0.689	2.18 (1.04)	3.57 (1.12)	2.86 (1.30)
20. Has the well-being of its people as major objectives	0.661	2.76 (1.15)	4.16 9.84)	3.39 (1.16)
13. Motivates employees	0.649	3.16 (1.02)	4.41 (.74)	3.72 (1.16)
12. Provides equal opportunities for all	0.615	2.83 (1.16)	4.25 (.89)	3.45 (1.19)
19. High level of management expertise and skill	0.602	2.82 (1.00)	4.46 (.60)	3.73 (1.08)
14. Clear policies on employee relations	0.537	3.30 (1.02)	4.19 (.77)	3.69 1.03)
9. Very successful	0.524	3.08 (1.10)	4.53 (.71)	3.72 (1.10)
23. Very flexible	0.462	2.96 (1.08)	4.36 (.70)	3.73 (1.06)
22. Has clear and formal rules of action	0.451	3.40 (1.05)	4.28 (.80)	3.95 (.94)
<b>factor 2 (11.28%) Reformed Organization**</b>				
1. Marketing oriented	0.746	3.56 (1.06)	4.59 (.67)	4.26 (.92)
18. Results oriented	0.644	3.99 (.97)	3.59 (.99)	3.98 (.84)
3. Clear objectives	0.559	3.87 (1.00)	4.69 (.58)	4.17 (.98)
17. Clear policies on client or customer relations	0.487	3.63 (.99)	4.32 (.78)	3.99 (.97)
<b>factor 3 (8.26%) Unreformed Organization*</b>				



7. Many strict rules	0.728	3.66 (.99)	4.15 (.80)	3.97 (1.07)
4. Very hierarchical	0.696	3.85 (.94)	3.68 (1.04)	3.85 (1.06)
<b>factor 4 ( 7.28%) Traditional Chinese Organization**</b>				
6. Very authoritarian	0.764	3.61 (1.03)	3.33 (1.10)	3.62 (1.12)
5. Highly centralized	0.681	3.75 (1.08)	3.18 (1.10)	3.67 (1.12)
<b>factor 5 ( 5.69%) Socialist Organization**</b>				
24. Bound by government policies	0.581	4.08 (.85)	4.27 (.70)	4.26 (.68)
8. Very ethical	0.513	3.54 (.92)	4.28 (.73)	3.86 (.98)
<b>factor 6 ( 5.66%) Reforming Organizations*</b>				
27. Much internal competition for promotion	0.732	3.32 (1.10)	3.81 (.95)	3.69 (1.00)
10. Undergoing rapid change	0.612	3.37 (1.16)	4.08 (.97)	3.78 (1.17)

\*\* Cronbach's Alpha for Scale: Ideal Chinese organizations= .885; Reformed organizations=.673; Traditional Chinese organizations=.540 (one item deleted); Socialist organizations=.422 (one item deleted)

\* Correlation coefficient: Old fashioned organizations :  $r = .347$ ,  $p < .05$ ; Reformed organizations:  $r = .253$ ,  $p < .05$

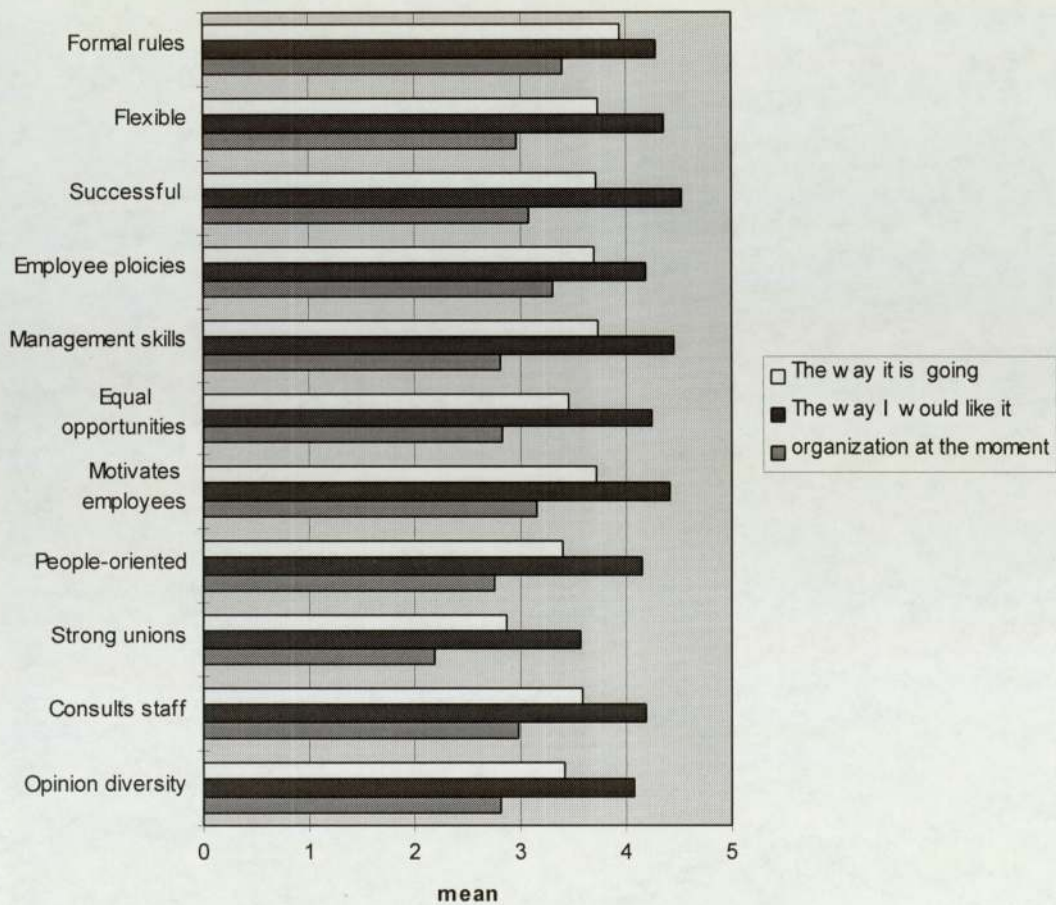
The first factor relates to attributes characterising an ideal organization with emphasis on consultation and people-oriented values. The second factor defines technical characteristics of newly reformed Chinese organizations mainly associated with marketing-oriented features. The third factor relates to the characteristics of old fashioned organizations in which organizational culture is strict and highly hierarchical. The fourth factor relates to attributes characterising authoritarian organization, which can be defined as traditional Chinese-value orientation. The fifth factor describes the degree of being bound by government policies and ethics, which are typical characteristics of socialist enterprises. The sixth factor relates to the attributes of internal competition and a changing organization, which can be defined as reforming enterprises. Factor loading for each of the attributes is given in Table 3.

Mann-Whitney U test has been used to test the organizational differences between Chinese SOEs and JVs because the data violated the stringent assumptions of an independent groups t-test. Significant differences ( $p < .05$ ) in marketing-oriented (current), authority (projected), equal opportunities (current), employee policies (current and ideal), strong union (ideal and projected), customer policies (ideal and projected), results-oriented (ideal), management skills (current), people-oriented (projected), flexible (current) and government regulations (current, ideals and projected) have been found between Chinese SOEs and Sino-Western JVs.

**Factor 1 *Ideal Chinese Organizations***

Ideal Chinese organizations describe the successful organizations, which regard people as the main resource for the organizational success. It is constructed of eleven people-concerned attributes including encouraging diversity of opinions, consulting the employees, strong trade unions, well being of people, motivating employees, being success, having equal opportunities, having high level of management skills, being ethics and flexible, having clear employee policies and formal rules (Figure 7).

**Figure 7** Ideal Chinese Organizations



From figure 7, it can be identified that the main characteristic of all the attributes described in this dimension is the considerable difference between the respondents' perception of the organization at the moment and the way they would like it to be. That



means there is a large gap between people's wishes and the reality. Changes (the way it is going) are clear and fairly in the middle between the perceptions of the current organization and the way they would like it to be. The attributes describing in this dimension reflect the characteristics of an ideal organization in which Chinese managers wish to work.

Vertinsky et al. (in Jackson, 1995, p87) indicates that the democratic and employees' participation has been a feature of PRC business organizations since Chinese Communists established their revolution base in Yan'an. But the scores in this research are not high enough to support Vertinsky's findings. Chinese managers expressed these opinion that their organizations currently are not in the high level of encouraging diversity of opinion (average mean score of 2.81, organization at the moment), consulting employees (average mean score of 2.99, organization at the moment) and having well-being of its people as major objectives (average mean score of 2.76, organization at the moment), especially the weakness of trade unions (average mean score of 2.18, organization at the moment).

It is surprising that the Chinese managers have a relatively lower score in expecting to have stronger trade unions in the future (average mean score of 3.57, the way I would like it) compared with other attributes in this dimension. The current score for this aspect is also quite low (average mean score of 2.18, organization at the moment), even though it is undergoing an improvement (average mean score of 2.87, the way it is going). In contrast, Chinese managers expect that there should be a high level of management expertise and skills in their organizations (average mean score of 4.46, the way I would like it), which is in a low score in the current situation (average mean score of 2.82, organization at the moment).

The characteristic of the requirement for higher management skills is remarkable and positive in Chinese organizations (average mean score of 4.5, the way it is going to be). This finding has been supported by Child's opinion that the adaptation of advanced management from Western world is a typical issue, which Chinese government has intended to improve via the 'Open Door Policy' (Child, 1994).

However, according to Figure 7, there is a significant gap between the current situation and the future perspective in Chinese enterprises. It can also be explained that because of the influence of cultural and political reasons, it may take time to change organizational attitudes.

In this factorial dimension, the attributes of clear employee policies and clear formal rules have high scores in the perception of organizations at the moment. This finding contradicts Redding's opinion (1982), which sees a Chinese business organization as being characterized by ambiguous formal structure.

### **The Organizational Differences between Chinese SOEs and Sino-Western JVs in the Understanding of Ideal Chinese Organizations**

#### Current policy on equal opportunities

Equal opportunities provided by organizations show a significant difference ( $p < .05$ ) between JVs and Chinese SOEs (Figure 8). Chinese managers of JVs admit that their companies have provided more equal opportunities (mean score of 3.06, organization at the moment) to employees than Chinese SOEs (mean score of 2.69, organization at the moment). There is an agreement between two groups on the ideal and projected perceptions that the equal opportunities for all the employees in two types of organizations are optimistic in the future and they are confident of the improvement.

#### Current and ideal policies on employee relations

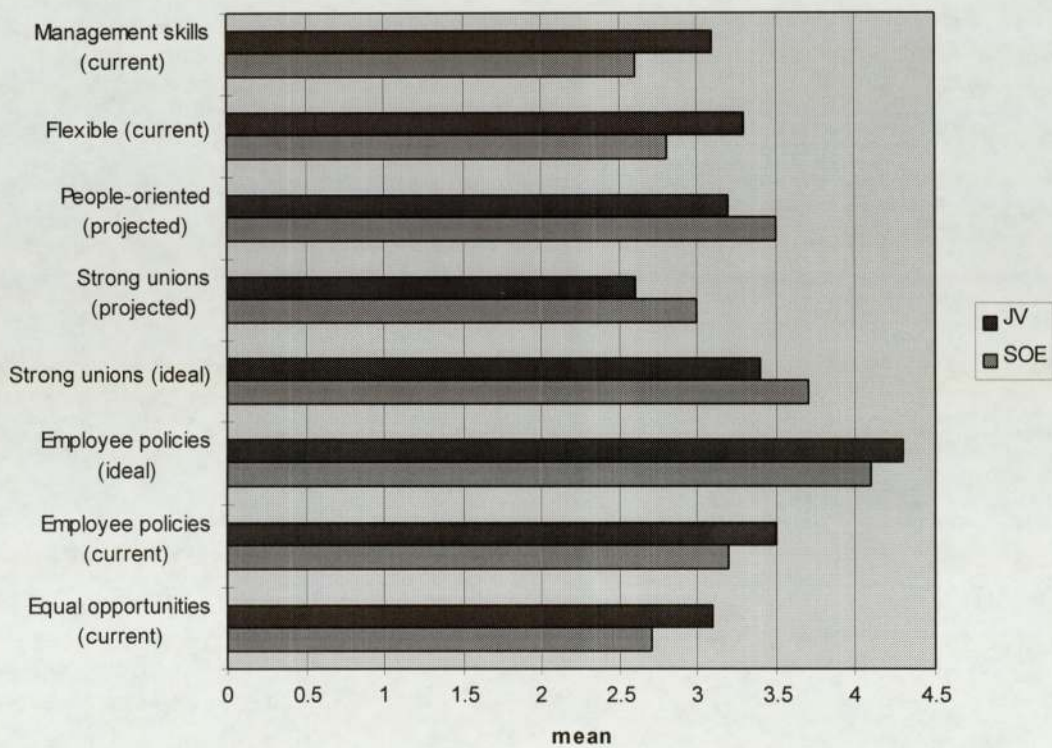
In the attitude of employee relations, significant differences have been found in the perceptions of organization at the moment ( $p < .05$ ) and the way Chinese managers would like it ( $p < .05$ ). Chinese managers of JVs see their enterprises as having more clear policies on employee relations and expecting more improvement in this aspect than Chinese managers of Chinese SOEs do (Figure 8).



Trade Unions (ideal and projected)

Chinese managers working in JVs (average mean score of 3.36, the way I would like it) are less concerned whether they are having a strong trade union than their colleagues in Chinese SOEs (mean score of 3.60, the way I would like it) (Figure 8). Trade unions in JVs will also be less powerful (mean score of 2.50, the way it is going to be) than the ones in Chinese SOEs (mean score of 3.03, the way it is going to be). Significant differences between two groups have been found in both of two perceptions ( $p < .05$ , the way I would like it;  $p < .05$ , the way it is going to be).

**Figure 8** The Organizational Differences between Chinese SOEs and Sino-Western JVs in the Understanding of Ideal Chinese Organizations



People-oriented (current)

A significant difference has been identified between two groups ( $p < .05$ ) in the attitude of people-orientation (organization at the moment). The managers in Chinese SOEs

admit that their organizations are more people-oriented (mean score of 3.51, organization at the moment) in comparison to JVs (mean score of 3.19, organization at the moment). No significant differences have been found in the perceptions of the organization at the moment and the way managers would like it to be between two groups.

#### Current organizational flexibility

There is a significant difference ( $p < .01$ ) in the attitude of flexibility between the two groups. Chinese managers of JVs see their organizations currently as being more flexible (mean score of 3.25, organization at the moment) than the Chinese managers in Chinese SOEs (average mean score of 2.78, organization at the moment).

#### Current management skills

A significant difference exists in the perception of organization at the moment between two groups ( $p < .01$ ). Chinese managers of JVs rate themselves as having higher level of management expertise and skills (average mean score of 3.09, organization at the moment) than the Chinese managers in Chinese SOEs (mean score of 2.64, organization at the moment). However there aren't any significant differences in the perceptions of ideal (the way I would like it) and projected (the way it is going) between the two groups. This means that Chinese managers, especially the managers of Chinese SOEs, are optimistic about their organizations to be managed by people with higher management skills.

### **Factor 2 *Reformed Chinese Organizations***

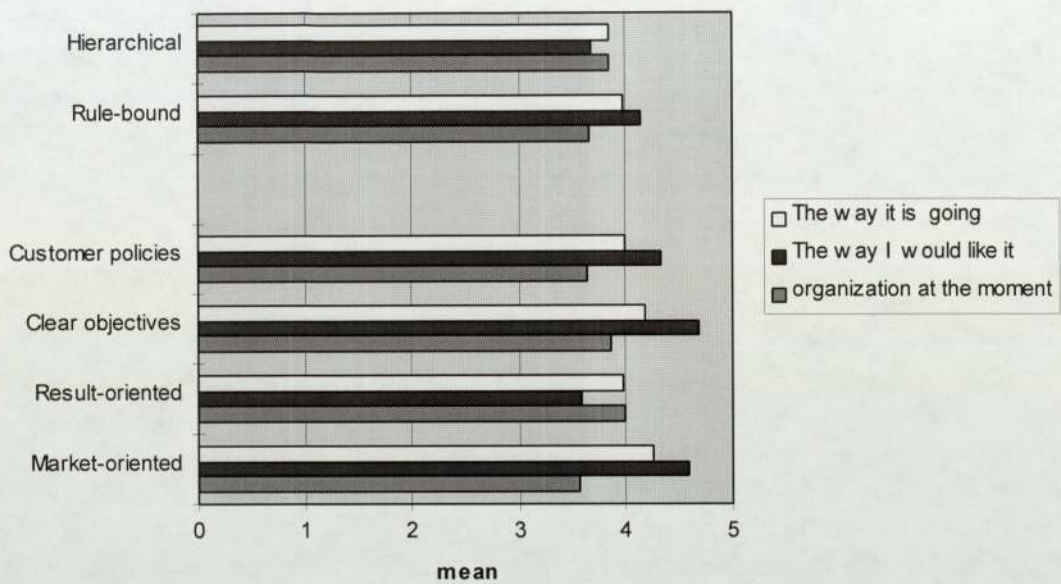
The reformed enterprises are characterised by organizational restructuring aimed at making it more market result oriented. They have clearer organizational objectives and their policies on client and customer relations are explicit (figure 9).

The study reveals that organizations are achieving the goal of the economic reform. There are no considerable gaps between the perceptions of the current situation, the



way the respondents would like it to be and the way projected. Furthermore Chinese managers are expecting more marketing-orientation in the future.

**Figure 9** Reformed Chinese Organizations and Unreformed Organizations



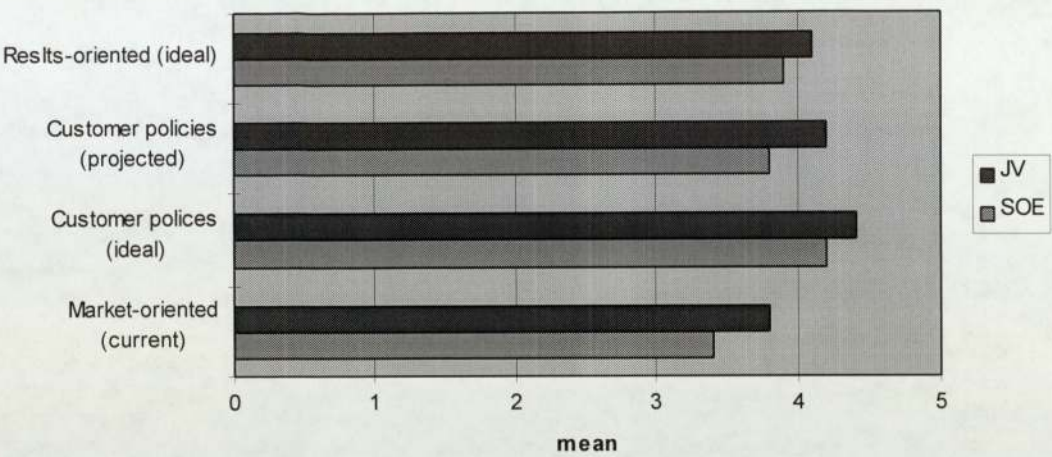
**The Organizational Differences between Chinese SOEs and Sino-Western JVs in the Understanding of Reformed Chinese Organizations**

Current marketing-oriented policy

The attribute of marketing-oriented shows a considerable difference ( $p < .01$ ) between Chinese SOEs (mean score of 3.38) and JVs (mean score of 3.83) in terms of the organization at the moment (Figure 10). It can be seen that Chinese SOEs currently are still less marketing-oriented than JVs in China.

However there are no differences in perceptions of ideal (the way I would like it) and projected (the way it is going) between two groups of enterprises. It can be understood that Chinese managers in Chinese SOEs are confident that their organizations are moving forward to be more marketing-oriented.

**Figure 10** The organizational Differences between Chinese SOEs and Sino-Western JVs in the Understanding of Reformed Chinese Organizations



Customer policies (ideal and projected)

Managers from both JVs and SOEs agree they should be more customer-focused, there are still significant differences existing between them ( $p < .05$ , the way I would like it;  $p < .01$ , the way it is going to be) (Figure 10). Chinese managers of JVs expect their organizations to have clearer customer policies (mean score of 4.44, the way would like it) than their colleagues in SOEs (mean score of 4.24, the way I would like it). In the perception of projected (the way it is going), Sino-Western JVs also express that their organizations will have clearer customer policies (mean score of 4.21, the way it is going to be) than Chinese SOEs (mean score of 3.85, the way it is going to be).

Result orientation (ideal)

There is a significant difference in the perception of the way it is going to be ( $p < .05$ ) between two groups. The managers of JVs see themselves as being more result-oriented (mean score 4.12, the way I would like it) than their colleagues in Chinese SOEs (mean score 3.87, the way I would like it). However there are no significant differences identified in the perceptions of organization at the moment and the way it is going to be between them.



### **Factor 3 *Unreformed Organizations***

Unreformed organizations describe the organization as being concerned with issues of controlling people, such as strict rules and hierarchy (Figure 9). The function of strict rules in the organization is to enhance the hierarchical organizational culture.

Chinese managers admit that their organizations should be bound by more strict rules (average mean score of 4.15, the way I would like it). Current Chinese organizations at the moment (average score of 3.85) are in a high level of hierarchy and the situation will not change in the near future (average mean score of 3.85, the way organization going to be). The hierarchical organization is not rejected by Chinese managers (average mean score of 3.68, the way I would like it) too much. This finding have been confirmed by Hofstede's theory in the literature part.

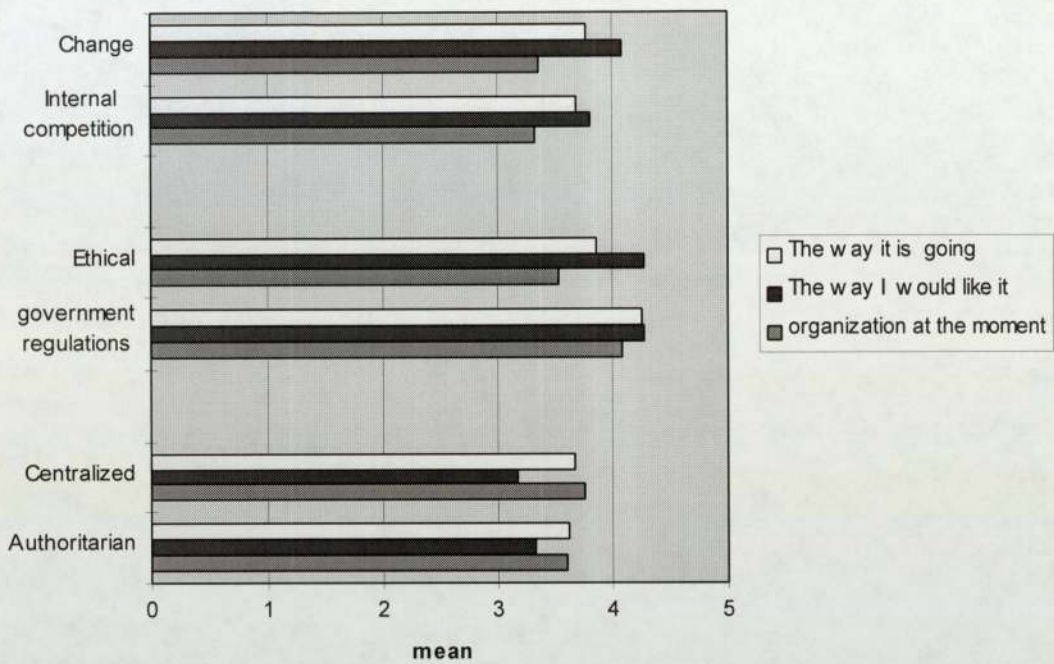
There is no significant difference identified between Chinese SOEs and Sino-Western JVs in this dimension.

### **Factor 4 *Traditional Chinese organizations***

Traditional Chinese organizations (Figure 11) describe the organization as being concerned with people controlling issues, such as authority and centralization.

These characteristics are the ones of typical traditional Chinese organizations (Chen, 1995). Chinese managers investigated agree that organizations are influenced by traditional cultural values currently in a high level. In terms of authority and centralization, the profile shows that these are rather popular features among Chinese organizations at the moment (average mean scores above 3.65, organization at the moment) and there are no signs to change in the near future (average mean scores above 3.64, the way it is going). But it is also very clear that most Chinese managers don't support the idea of highly centralized and very authoritarian perceptions (average mean scores below 3.33, the way I would like it).

**Figure 11** Chinese Traditional Organizations, Chinese Socialist Organizations and Reformed Organizations



**The Organizational Differences between Chinese SOEs and Sino-Western JVs in the Understanding of Traditional Chinese organizations**

Authoritarian organizations (projected)

Even though there are no significant differences between Chinese SOEs and Sino-Western JVs in the perceptions of current (organizations at the moment) and ideal (the way I would like it to be), Sino-Western JVs (mean score 3.20) in China in the future will be less authoritarian than Chinese SOEs (mean score 3.73). Significant difference was identified in this perception ( $p < .05$ , the way it is going to be).

**Factor 5 Chinese Socialist Organizations**

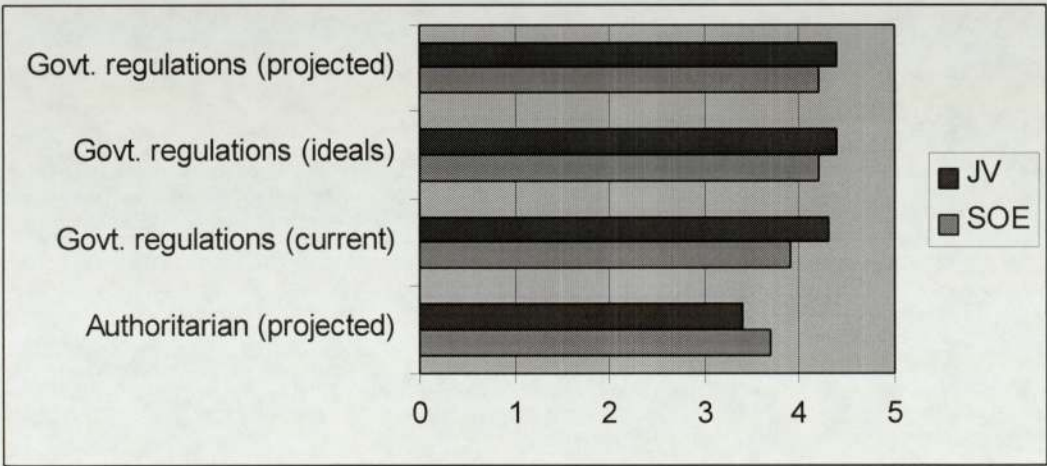
Chinese socialist organizations are related to the issues such as government policies and ethical features (Figure 11).



Chinese managers admit that government policy is one of the major issues that decide the current organizational operation and the development in future (average mean scores above 4). Chinese managers themselves welcome suitable government policies (average mean score 4.27, the way I would like it). Thus, it is very clear that the attribute of government regulations and policies is the key issue for the development of Chinese organizations.

Chinese managers agreed that their organizations have higher levels of ethical scores and the future development in this aspect will also match their expectation. However it should be noticed that because other types of companies such as town owned enterprises have not been involved in this research and that most of the Chinese managers investigated are all working in large and medium sized Chinese SOEs and JVs, ethical issues of Chinese organizations need more investigation in future research.

**Figure 12** The organizational differences between Chinese SOEs and Sino-Western JVs in the understanding of Chinese Traditional Organizations and Chinese Socialist Organizations



## **The Organizational Differences between Chinese SOEs and Sino-Western JVs in the Understanding of Chinese Socialist Organizations**

### Influence of government policies (current, ideals and projected)

The influence of government policies has shown significant differences between the Chinese SOEs and Sino-Chinese JVs in all perceptions of this attribute ( $p < .01$ , organization at the moment;  $p < .05$ , the way I would like it;  $p < .05$ , the way it is going to be) (Figure 12). It shows that the development of Sino-Western JVs is much more constricted and bound by the government policies than Chinese SOEs. Government policies will have more influence on the development of JVs than on the development of Chinese SOEs.

### **Factor 6 *Reforming Chinese Organizations***

Reforming organizations are related to the organizations of undergoing rapid change and competing for internal promotion (Figure 11).

It can be identified that organizations in China are in the process of rapid change (average mean score 3.37, organization at the moment; average mean score 3.78, the way it is going). Chinese managers agreed with this trend as well (average mean score 4.08, the way I would like it) and accepted the internal competition for promotion (average mean score 3.81, the way I would like it).

There is no significant difference of organizational management between two groups of enterprises in this dimension.

## **4.2 The Change of Chinese Enterprises**

The data violates the stringent assumptions of a paired t-test. The non-parametric, Wilcoxon signed-rank test, has been chosen to perform the data analysis (Table 4). There are significant differences ( $p < .01$ ) in the majority of organizational features



between Chinese organizations at the moment and Chinese organizations that they are going to be (Figure 4). Most of technical management strategies such as marketing-orientation and clear objectives will be enhanced in the future Chinese organizational cultures. It can be expected that Chinese enterprises will have significant improvements in most of organizational aspects and be more successful and efficient.

**Table 4**      The Change of Chinese Organizational Culture

Chinese Organizations are having very strong features on	mean (SD)	Chinese Organizations will have very strong features on	mean (SD)
24. Bound by government policies	4.08 (.85)	1. Marketing oriented	4.26 (.68)
Chinese organizations are having strong features on		24. Bound by government policies	4.26 (.68)
18. Results oriented	3.99 (.97)	3. Clear objectives	4.17 (.98)
3. Clear objectives	3.87 (1.00)	Chinese Organizations will have strong features on	
4. Very hierarchical #	3.85 (.94)	17. Clear policies on client or customer relations	3.99 (.97)
5. Highly centralized #	3.75 (1.08)	18. Results oriented	3.98 (.84)
7. Many strict rules	3.66 (.99)	7. Many strict rules	3.97 (1.07)
17. Clear policies on client or customer relations	3.63 (.99)	22. Has clear and formal rules of action	3.95 (.94)
6. Very authoritarian #	3.61 (1.03)	8. Very ethical	3.86 (.98)
1. Marketing oriented	3.56 (1.06)	4. Very hierarchical #	3.85 (1.06)
8. Very ethical	3.54 (.92)	10. Undergoing rapid change	3.78 (1.17)
22. Has clear and formal rules of action	3.40 (1.05)	23. Very flexible	3.73 (1.08)
10. Undergoing rapid change	3.37 (1.16)	19. High level of management expertise and skill	3.73 (1.06)
27. Much internal competition for promotion	3.32 (1.10)	9. Very successful	3.72 (1.16)
14. Clear policies on employee relations	3.30 (1.02)	13. Motivates employees	3.72 (1.10)
13. Motivates employees	3.16 (1.02)	27. Much internal competition for promotion	3.69 (1.00)
9. Very successful	3.08 (1.10)	14. Clear policies on employee relations	3.69 (1.03)
Chinese organizations are having weak features on		5. Highly centralized #	3.67 (1.12)
21. Consults employees	2.99 (1.04)	6. Very authoritarian #	3.62 (1.12)
23. Very flexible	2.96 (1.08)	21. Consults employees	3.58 (1.08)
12. Provides equal opportunities for all	2.83 (1.16)	12. Provides equal opportunities for all	3.45 (1.19)
19. High level of management expertise and skill	2.82 (1.00)	26. Encourages diversity of opinions	3.41 (1.06)
26. Encourages diversity of opinions	2.81 (1.06)	20. Has the well-being of its people as major objectives	3.39 (1.16)
20. Has the well-being of its people as major objectives	2.76 (1.15)	Chinese organizations will have weak features on	
2. Risk-taking	2.43 (1.11)	2. Risk-taking	2.88 (1.19)
25. Influenced by family relationships	2.41 (1.33)	15. Strong trade unions	2.86 (1.30)
15. Strong trade unions	2.18 (1.04)	25. Influenced by family relationships	2.20 (1.25)

# No significant differences were found between Chinese organizations at the moment and the organizations which they are going to be

However Chinese managers admit that the development of their enterprises is being influenced or decided by the government related regulations. The situation will be enhanced significantly in the near future. It can be understood that government’s domination and control on Chinese enterprises will still be one of the key



environmental factors. Political environment has been criticized as a restricted issue for the economic development in China. Foreign investors should, therefore, take it seriously if they are seeking further development in China.

The few attributes in which no significant differences were found between organizations at the moment and the way organizations are going to be are the attributes which reflect characteristics of traditional Chinese cultural values such as hierarchy, centralization and authority. It can be identified that even though Chinese organizations will experience significant changes, the core Chinese cultural values will continue to influence organizations in future. In addition, because these Chinese cultural values will neither be weakened nor be enhanced significantly in the future, the cultural characteristics of hierarchy, centralization and authority can be regarded as those values that are deeply rooted in Chinese philosophy.

As discussed above, Chinese organizational culture is influenced to a great extent by socialist ideology. It is expected that significant differences can be found between elder Chinese managers born before 1960 are influenced more by socialist ideology and the younger Chinese managers whose work values are influenced more by modern and Western values. The reasons are, firstly, during the period 1960 to 1985, the Chinese educational systems have not been subject to much change much and were dominated by socialist ideology. Secondly, managers 40 have experienced the 'Cultural Revolution' and the initial stage of 'economic reform'. Their work values are more complex than younger managers whose were born after 1960.

Significant differences have been found between Chinese managers who are over forty years of age and those below forty years of age in the organizational part (Table 5). Currently, older Chinese managers predict that their organizations will be more democratic and people-oriented than their younger colleagues do (encouraging diversity of opinions,  $p < .01$ ; consulting employees,  $p < .01$ ; being people-oriented,  $p < .01$ ). However, older managers prefer to manage their organizations in a more traditional way (being very authoritarian,  $p < .05$ ) and being in a highly centralized fashion ( $p < .01$ ) than younger managers.



**Table 5** The Changing Attitudes towards Organizational Cultures

	organization at the moment		The way I would like it		The way it is going	
	mean (SD)	mean (SD)	mean (SD)	mean (SD)	mean (SD)	mean (SD)
<b>factor 1 Ideal Chinese Organization</b>	<40	>40	<40	>40	<40	>40
26. Encourages diversity of opinions	2.78 (1.02)	3.02 (1.10)	4.10 (.79)	3.93 (.99)	3.37 (.99)**	3.81 (1.16)**
21. Consults employees	4.17 (.71)*	4.20 (.82)*	3.48 (1.09)	4.02 (1.02)	3.48 (1.09)**	4.02 (1.02)**
15. Strong trade unions	2.05 (.97)**	2.62 (1.17)**	3.52 (1.12)	3.68 (1.05)	2.65 (1.25)**	3.59 (1.17)**
20. Has the well-being of its people as major objectives	2.64 (1.15)**	3.39 (.99)**	4.11 (.86)	4.29 (.79)	3.27 (1.15)**	3.98 (1.12)**
13. Motivates employees	3.06 (1.04)*	3.53 (.89)*	4.41 (.72)	4.42 (.85)	3.63 (1.15)**	4.11 (1.17)**
12. Provides equal opportunities for all	2.81 (1.18)	3.00 (1.06)	4.28 (.85)	4.20 (.94)	3.38 (1.19)*	3.84 (1.15)*
19. High level of management expertise and skill	2.82 (1.01)	2.86 (.93)	4.47 (.62)	4.43 (.50)	3.66 (1.07)**	4.14 (1.07)**
14. Clear policies on employee relations	3.23 (1.00)*	3.53 (1.08)*	4.13 (.79)*	4.44 (.70)*	3.57 (1.00)**	4.02 (1.17)**
9. Very successful	2.99 (1.14)	3.27 (.81)	4.59 (.71)*	4.36 (.72)*	3.66 (1.10)	3.98 (1.15)
23. Very flexible	2.96 (1.12)	2.98 (.97)	4.38 (.66)	4.35 (.87)	3.62 (1.07)**	4.23 (.92)**
22. Has clear and formal rules of action	3.14 (1.03)	3.39 (1.08)	4.29 (.76)	4.29 (.92)	3.85 (.94)**	4.36 (.81)**
<b>factor 2 Reformed Organization</b>						
1. Marketing oriented	3.53 (1.11)	3.47 (.99)	4.57 (.71)	4.64 (.57)	4.19 (.98)*	4.56 (.76)*
18. Results oriented	3.61 (1.03)	3.59 (.71)	3.97 (.90)	3.90 (.66)	3.77 (.96)	4.00 (.91)
3. Clear objectives	3.80 (1.00)*	4.13 (.79)*	4.67 (.61)	4.76 (.43)	4.08 (1.02)**	4.56 (.76)**
17. Clear policies on client or customer relations	3.62 (.99)	3.70 (1.01)	4.34 (.75)	4.18 (.90)	3.95 (.97)	4.14 (.99)
<b>factor 3 Unreformed Organization</b>						
7. Many strict rules	3.62 (1.01)	3.69 (1.02)	4.06 (.82)*	4.39 (.72)*	3.84 (1.10)**	4.37 (.93)**
4. Very hierarchical	3.88 (.94)	3.75 (.84)	3.60 (1.04)**	4.02 (.95)**	3.86 (1.02)	3.86 (1.26)
<b>factor 4 Traditional Chinese Organization</b>						
6. Very authoritarian	3.60 (1.06)	3.62 (.94)	3.22 (1.09)*	3.60 (1.10)*	3.58 (1.06)	3.73 (1.27)
5. Highly centralized	3.77 (1.10)	3.60 (1.07)	3.04 (1.07)**	3.69 (1.08)**	3.63 (1.03)	3.89 (1.06)
<b>factor 5 Socialist Organization</b>						
24. Bound by government policies	4.03 (.90)	4.20 (.67)	4.24 (.73)	4.39 (.62)	4.23 (.70)	4.36 (.65)
8. Very ethical	3.48 (.95)	3.75 (.72)	4.25 (.75)	4.45 (.59)	3.78 (.97)**	4.19 (.96)**
<b>factor 6 Reforming Organization</b>						
27. Much internal competition for promotion	3.30 (1.14)	3.27 (.96)	3.83 (.91)	3.61 (1.15)	3.65 (.98)	3.70 (1.19)
10. Undergoing rapid change	3.29 (1.18)	3.68 (.98)	4.05 (.99)	4.23 (.94)	3.63 (1.20)**	4.32 (.93)**

\*p<.05, \*\*p<.01

It can be concluded that Chinese managers consider their organizations to be undergoing changes, especially the older Chinese managers. Compared to the younger managers, older Chinese managers are more sensitive to these changes. Older managers have to mould themselves into the current modernization of Chinese organizations. This process of reform may sometimes be painful to them because their thoughts have been dominated by Socialist ideology for many years. Older managers are also more influenced by traditional Chinese cultures than younger managers. This

thus explains why older Chinese managers prefer their organizations to be more authoritarian and centrally controlled.

Generally, it can be identified that Chinese organizational cultures will experience significant changes. This finding supports Hypothesis One. However, changes may only focus on some technical or superficial levels. Some basic Chinese cultural values will resist the change. Hypothesis Two can also be supported by the findings in the organizational part. Significant differences have been found among many attitudes of organizational cultures between Chinese SOEs and Sino-Western JVs. However, significant differences such as authority, centralization and hierarchy still could not be identified among some typical Chinese cultures between these two groups. Some traditional Chinese cultural values will continue to remain in the future Chinese organizational cultures, even in the JVs that have been influenced by Western cultural values.

#### **4.3 Management Part: Major Management Styles in China**

The 33 attributes of management styles in management part were factor-analyzed. The statistical technique - Reliability analysis (Cronbach's alpha) has been used to examine the relationship between the individual items and the overall scale within each factorial group. The attributes that have the lowest corrected item-total correlations were removed. Factor loading for each of the attributes are given in Table 6.

Based on the scree test results, four factors with eigenvalues greater than two were identified. Items were assigned to scales only when the item had a factor loading of greater than 3 for a single factor. Table 6 provides factor loadings. They explained 36% of the variance associated with current Chinese management styles. The first factor relates to managerial values of personal improvement, which are mainly focused on improving general management skills. The second describes the charitable management styles. The third factor reflects autocratic management styles, which can be described as dictatorial managers. The fourth factor explains the characteristics of open-minded managers.



The attributes within each factorial dimension were also analyzed by the statistical technique-the group Mann-Whitney U test (the data violated the stringent assumptions of an independent groups t-test) in order to identify different attitudes of managerial values between Chinese SOEs and Sino-Western JVs. Because the data violated the stringent assumptions of t-test, paired Mann-Whiteney U test has been used to test the difference between current situation and future requirement in management part in order to identify the trend of the change of Chinese managerial values.

**Table 6** Four Types of Chinese Management Styles

		Me, as a manager	Managers generally in my organization	The type of manager required for the future of the organization
	factor loading			
Factors ( % of the Variance)		mean (SD)	mean (SD)	mean (SD)
<b>Factor 1 (14.15%) Self-improving managers**</b>				
6. Setting self difficult goals	0.691	4.21 (.75)	3.44 (.91)	4.39 (.73)
5. Eager for opportunities to learn and develop	0.618	4.60 (.66)	3.93 9.93)	4.53 (.68)
4. Free in a job to adopt own approach	0.572	3.91 (1.03)	3.54 (.91)	4.09 (.86)
18. Honouring responsibilities towards relatives	0.535	4.10 (.86)	3.85 (.78)	4.02 (.95)
8. Preferring, above all else, to work alone	0.478	3.78 (1.02)	3.40 (.91)	3.77 (1.03)
33. A high level of management knowledge and skills	0.456	3.95 (.84)	3.33 (.92)	4.53 (.76)
3. Very ambitious to reach the top	0.426	3.85 (1.03)	3.54 (.97)	4.13 (.93)
2. Preferring work to be unpredictable	0.401	2.70 (1.10)	2.44 (.89)	3.02 (1.18)
27. Believing that reward should based on achievement	0.37	4.26 (.66)	3.66 (.99)	4.30 (.77)
9. Preferring, above all else, to direct other people	0.36	3.64 (.89)	3.62 (.87)	3.83 (.88)
<b>Factor 2 (8.21%) Charitable Managers**</b>				
11. Making sacrifices for the good of the group	0.634	3.77 (.90)	2.95 (.98)	4.15 (.85)
14. Regarding the well-being of its people as the objective of the organization	0.624	3.69 (.99)	3.12 (.97)	3.98 (.97)
10. Believing that work is the most important thing in life	0.621	3.92 (.97)	3.64 (.94)	4.16 (.80)
19. Being completely loyal to the organization above all other things	0.594	3.81 (.94)	3.19 (.94)	4.22 (.94)
17. Believing that managers must act completely ethically	0.482	3.80 (1.01)	3.32 (1.02)	3.99 (.94)
25. Having a completely democratic management style	0.463	3.62 (.97)	3.14 (.92)	3.86 (.98)
7. Enjoying, above all else, to work as part of a team	0.463	4.00 (.84)	3.54 (.86)	4.17 (.79)
<b>Factor 3 (5.86%) Dictatorial Managers**</b>				
28. Working through the hierarchy at all time	0.61	2.90 (1.01)	3.34 (.95)	3.09 (1.16)
24. Believing that generally employees are not to be trusted	0.602	2.15 (.92)	2.76 (.96)	2.31 (1.09)
26. Believing that reward should be based on status	0.559	3.18 (1.15)	3.47 (1.01)	3.31 (1.19)
15. Considering only the results of the organization as being paramount	0.537	3.54 (1.05)	3.42 (.97)	3.82 (1.08)



29. Keeping a personal distance from subordinates	0.533	2.90 (1.10)	3.36 (.98)	3.02 (1.10)
12. Depending only on self	0.517	2.53 (1.03)	2.68 (.99)	2.50 (1.16)
13. Being confrontational and assertive	0.48	2.84 (1.05)	3.15 (.93)	2.74 (1.13)
16. Condoning all business practices				
if objectives are met	0.456	3.05 (1.12)	3.23 (.96)	3.24 (1.17)
<b>Factor 4 (4.9%) Open-minded managers**</b>				
31. Communicating openly	0.602	3.89 (.86)	3.44 (.90)	4.12 (.81)
30. Socializing with subordinates outside work	0.559	3.72 (.89)	3.41 (.91)	3.88 (.89)
32. Giving subordinates open access to information	0.553	3.75 (.89)	3.26 (.98)	3.94 (.94)

\*\* Cronbach's Alpha for Scale: Self-improving managers=.711; Charitable managers=.728 (one item deleted); Dictatorial managers=.690; Open-minded managers=.415 (two items deleted)

### Factor 1 *Self-improving Managers*

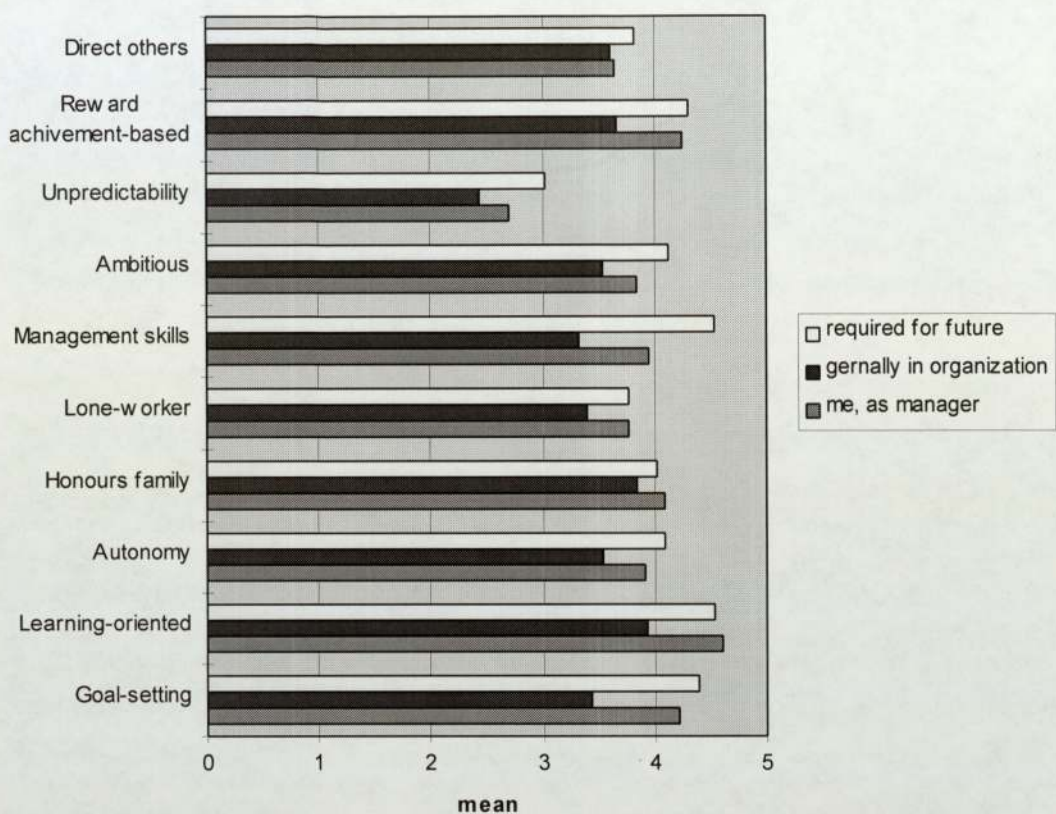
This kind of leadership style is generally associated with self-improving characteristics such as difficult goal setting, opportunities to learn and develop, honours responsibility to relatives, management knowledge and skills, open communication, job autonomy, work alone, giving subordinates open access, reward achievement based, ambitious to reach the top, job unpredictability and directing others. Figure 13 illustrates the attributes of this dimension.

With the economic development in China, more and more Chinese managers are becoming concerned about self-improving issues. In this research, Chinese managers rate themselves and those managers required for the future in their organizations as very high on almost every feature related to developing their management abilities, especially in the areas of learning-oriented, reward achievement-based, and difficult goal setting. Other issues such as management skills, directing other people, work autonomy and being ambitious to reach the top are also high.

As discussed in the literature, traditional Chinese cultural values require people to be modest and keep 'on the middle road' in their daily behaviour. However with the economic development, the restriction to the self-achievement has been broken in China. This is the reason for Chinese managers admitting that the future managers in their organizations will be encouraged to have more and more management abilities described in this dimension, which might have been criticized ten years ago.



**Figure 13     Self-improving Managers**



It should be noticed that some traditional Chinese cultural values, which have been indicated in the literature, are still clearly reflected in current Chinese management styles. Chinese managers believe that it is their responsibility to honour their relatives and family. Chinese managers also show a relatively low level on preferring work to be unpredictable.

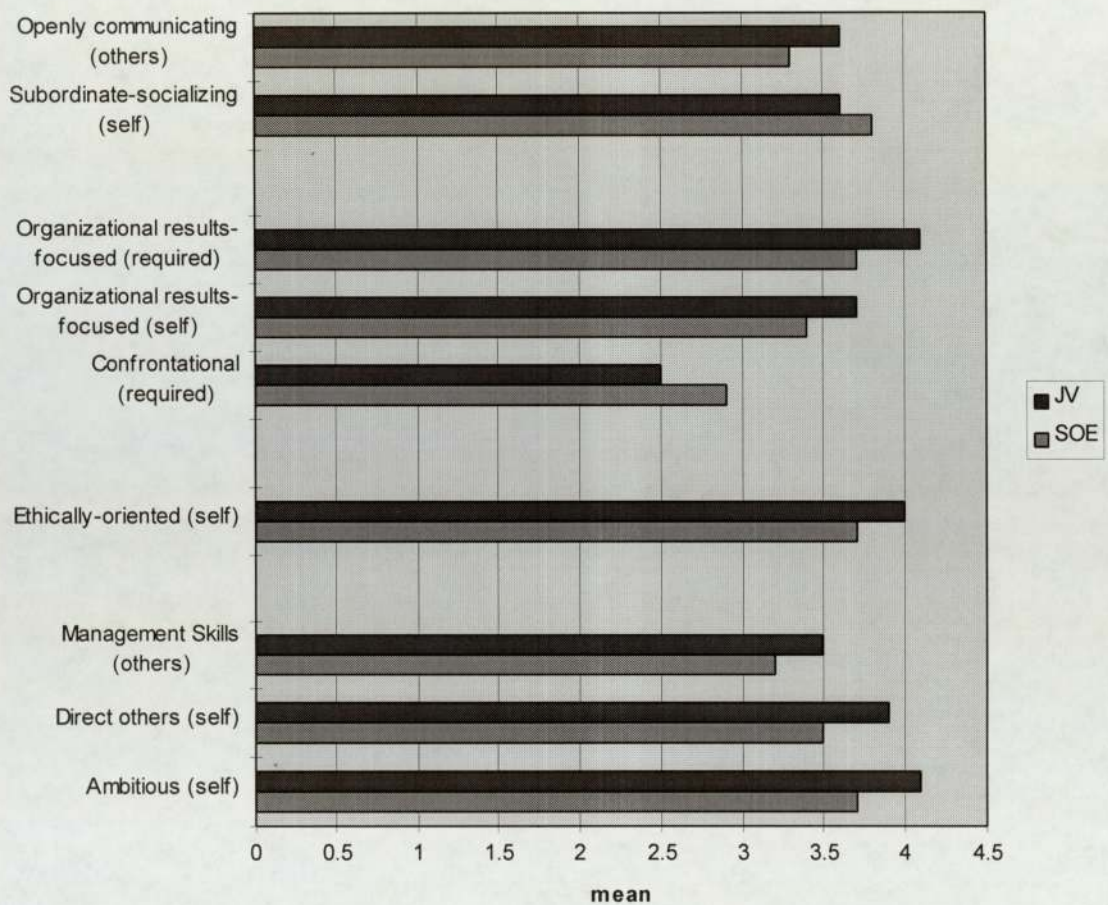
**Significant Differences in Management Styles between Chinese SOE Managers and Sino-Western JV Managers**

Very ambitious to reach the top (Me, as a manager)

A significant difference has been found in the management style of being ambitious ( $p < .05$ , Me, as a manager) (Figure 14). Chinese managers of JVs believe themselves to

be more ambitious (mean score=4.05, me as a manager) than Chinese SOEs managers (mean score=3.74, me as a manager). No statistically significant differences have been found in the perceptions of managers generally in my organization and the type of manager required for the future between two groups of managers.

**Figure 14** Significant Differences in Management Styles between Chinese SOE Managers and Sino-Western JV Managers in the Understanding as a Self-Improving Manager, Charitable Managers, Dictatorial Managers and Open-minded Managers



Preferring, above all else, to direct other people (me, as a manager)

There is a significant difference between Chinese SOE managers and JV managers in this perception ( $p<.01$ ) (Figure 14). Managers from Chinese SOEs rate themselves as less ambitious to direct others (mean score=3.45) than Chinese managers from JVs (mean score=3.92).



A high level of management knowledge of skills (managers generally in the organization)

A significant difference in this perception has been found ( $p < .05$ ) (Figure 14). JV managers see peers in their organizations as having more management skills (mean score=4.03) than managers in Chinese SOEs (mean score=3.21).

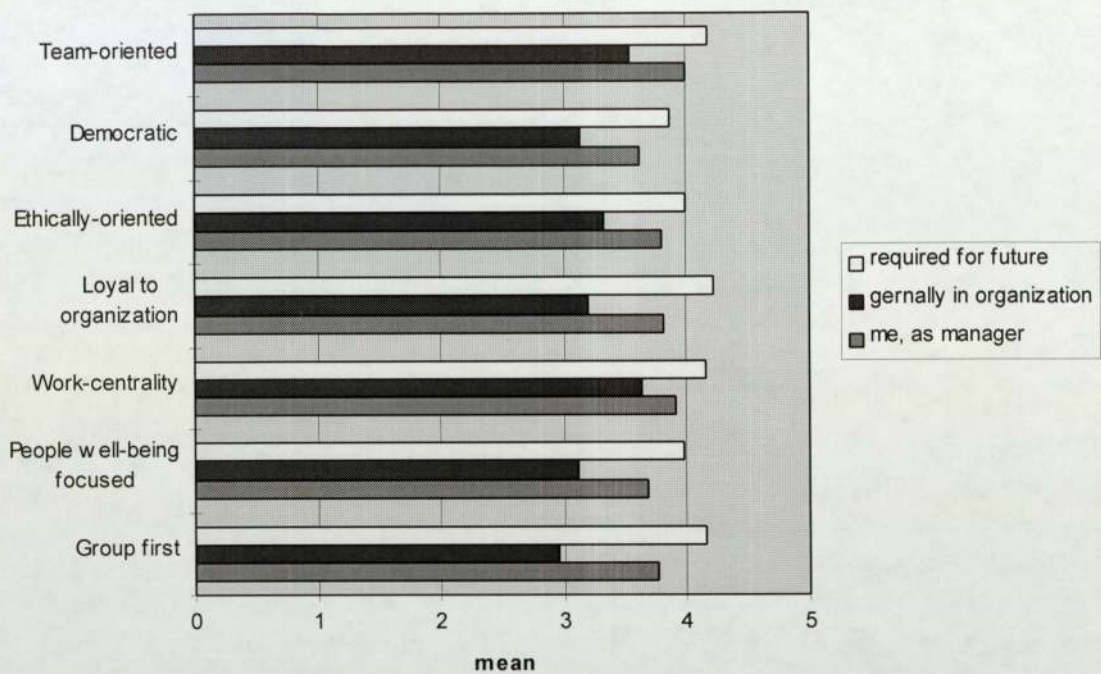
## **Factor 2 *Charitable Managers***

The charitable manager is characterised by acting loyally and collectively not only towards his/her job and organizations, but also towards his/her subordinates and colleagues. The management styles in this dimension include making sacrifices for the group, seeing the well-being of its people as the objective of the organization, believing that work is the most important thing in life, loyalty to the organization, having a high work-centrality, acting ethically, having democratic management styles and preferring to work as a part of the team.

The dimension of ‘charitable managers’ explains 8.2% of respondents’ perception. It can also be regarded as the collective or group orientation. All of the attributes influencing this dimension are identified as the important qualities that Chinese managers should have now and in the future. However Chinese managers admit that generally managers in their organizations are not on a high level of their management styles in this aspect.

Group-orientation and loyalty are important characteristics of Chinese cultural values. From Figure 15, it can be identified that Chinese managers are very proud of showing off all the attributes in this dimension. In contrast, Chinese managers hope their colleagues (other managers) should change their management styles in order to match the future requirement of being group-oriented and loyal managers in Chinese organizations.

**Figure 15** Charitable Managers



**The Significant Differences in Management Styles between Chinese SOE Managers and Sino-Western JV Managers in the Understanding of Charitable Managers**

Ethically-oriented (Me as a manager)

There is a significant difference ( $p<.05$ ) between two groups of managers in this management style (Figure 14). Chinese managers of JVs regard themselves to be more ethically oriented (mean score=3.96) than their colleagues of SOEs (mean score=3.69).

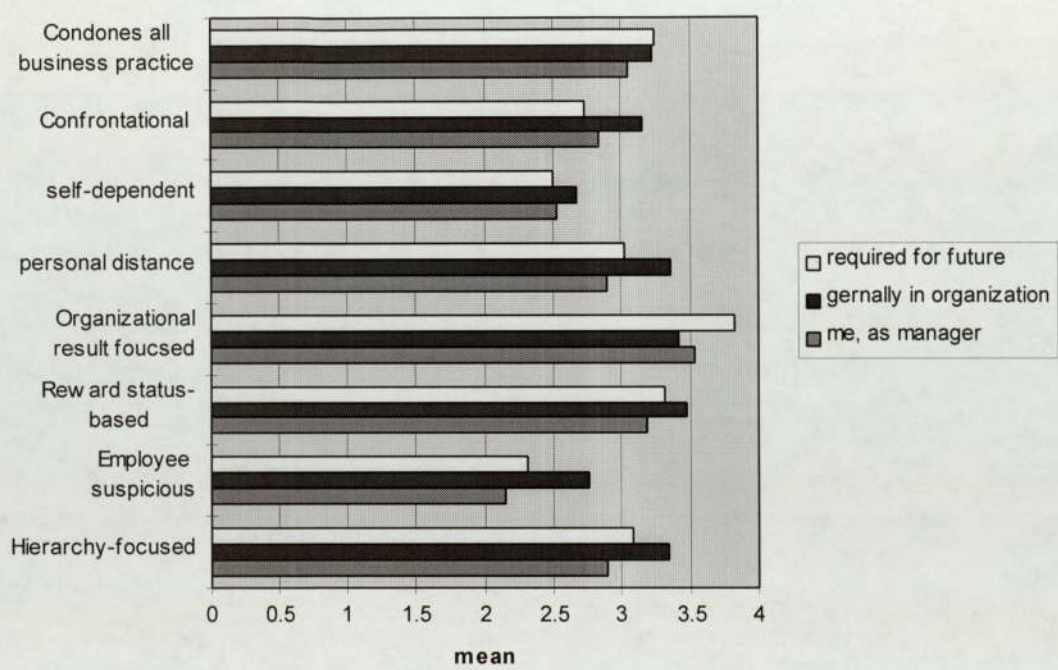
**Factor 3 Dictatorial Managers**

The characteristics of this kind of managers (Figure 16) include hierarchy-focused, employee suspicious, reward status-based, organizational results-focused, being confrontational, keeping personal distance, self-dependent and condoning all business practices.



Even though Chinese managers agree on the management style of organizational result-focused, they are quite negative on other attributes described in this dimension. Generally it can be seen that dictatorial management styles are not very desirable in China. Particularly, Chinese managers disagree on management styles such as employee suspicion and self-dependence. Chinese managers who have been investigated in this research are far from being dictatorial.

**Figure 16** Dictatorial Managers



The interesting situation in this factor is that Chinese managers who have been investigated in this research see themselves as being far from dictatorial managers. However they admit that the management styles of employee suspicion, keeping personal distance with subordinates, hierarchy-focused, being confrontational and reward status-based will still exist in Chinese organizations in the future. Chinese managers investigated also indicate that generally managers of Chinese organizations are still keeping the characteristics of dictatorial management styles.

## **The Differences in Management Styles between Chinese SOE Managers and JV Managers in the Understanding of Dictatorial Managers**

### Being confrontational and assertive (managers required for the future)

Significant difference ( $p < .01$ ) has been found between two groups (Figure 14). Chinese managers working in JVs see the future managers in their organizations as being less confrontational and assertive (mean score=2.47) in comparison to the managers in the future Chinese SOEs (mean score=2.87).

### Organizational results focused (Me, as a manager; managers required for the future)

There are significant differences ( $p < .05$ , me as a manager;  $p < .01$ ) (Figure 14), managers required for the future) between the two groups of managers. The managers of JVs see themselves as being more organizational result focused (mean score=3.68) than their colleagues in Chinese SOEs (mean score=3.44). The future Managers required by JVs (mean score=4.06) also should be more organizational results-focused than the ones required by Chinese SOEs (mean score=3.67).

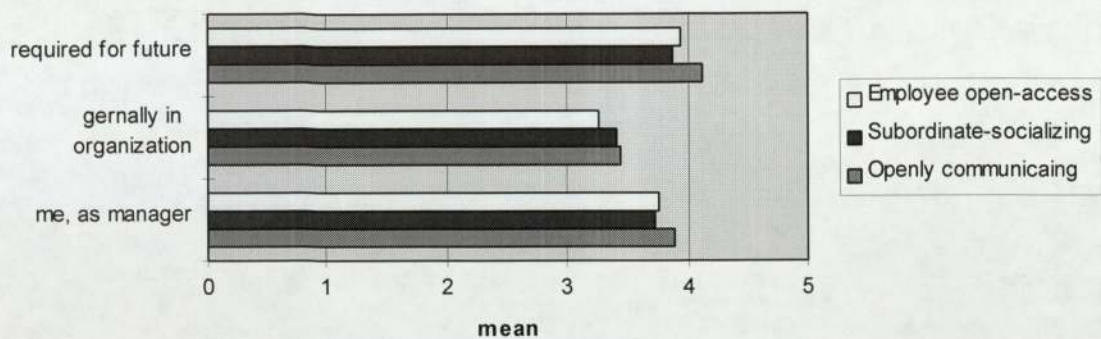
## **Factor 4 *Open-minded managers***

Open-minded managers refers to Chinese managers who are willing to communicate openly with their employees, socializing with subordinates outside work and giving subordinates open access to information (Figure 17).

Chinese managers who have been investigated agree and also welcome the attitude of being an 'open-minded' manager. They are happy to provide their employees with open access to the information, socialize with their subordinates after work and communicate with their employees openly. The managers required by the future Chinese organizations should have these management styles as well.



**Figure 17** Open-Minded Managers



**The Differences in Management Styles between Chinese SOE Managers and JV Managers in the Understanding of Open-Minded Managers**

Communicating openly (managers generally in the organization)

There is a significant difference ( $p<.05$ ) in this conception (Figure 14). JV managers rate their peers as being more open in communication (mean score=3.62) than the managers in Chinese SOEs (mean score=3.32).

Subordinate-socializing (Me, as a manager)

There is a significant difference ( $p<.05$ ) in this perception (Figure 14). Chinese SOE managers see themselves as being more social (mean score=3.81) with their subordinates than managers in Sino-Western JVs (mean score=3.58).

**4.4 Change of Chinese Management Styles**

Table 7 shows that mean scores from strong to weak features of current Chinese management styles (generally Chinese managers in the organization) and management styles in the future (the type of manager required for the future of organization) in Chinese organizations.

**Table 7** The Change of Chinese Management Styles

Generally Chinese managers are having very strong features on	mean (SD)	Chinese managers will have very strong features on	mean (SD)
1. Preferring the security and assertive	4.12 (.70)	5. Eager for opportunities to learn and develop	4.53 (.68)
Generally Chinese managers are having strong features on		33. A high level of management knowledge and skills	4.53 (.76)
5. Eager for opportunities to learn and develop	3.93 (.93)	6. Setting self difficult goals	4.39 (.73)
18. Honouring responsibilities towards relatives	3.85 (.78)	27. Believing that reward should based	
27. Believing that reward should based		on achievement	4.30 (.77)
on achievement	3.66 (.99)	19. Being completely loyal to the organization	
10. Believing that work is the most important thing in life	3.64 (.94)	above all other things	4.22 (.94)
9. Preferring, above all else, to direct other people	3.62 (.87)	7. Enjoying, above all else, to work as part of a team	4.17 (.79)
7. Enjoying, above all else, to work as part of a team	3.54 (.91)	10. Believing that work is the most important thing in life	4.16 (.80)
3. Very ambitious to reach the top	3.54 (.91)	11. Making sacrifices for the good of the group	4.15 (.85)
4. Free in a job to adopt own approach	3.54 (.91)	3. Very ambitious to reach the top	4.13 (.93)
26. Believing that reward should be based on status	3.47 (1.01)	31. Communicating openly	4.12 (.81)
31. Communicating openly	3.44 (.91)	4. Free in a job to adopt own approach	4.09 (.86)
6. Setting self difficult goals	3.44 (.91)	18. Honouring responsibilities towards relatives	4.02 (.95)
15. Considering only the results of the		20. Believing that if one is motivated enough,	
organization as being paramount	3.42 9.97)	anything can be achieved	4.02 (1.02)
30. Socializing with subordinates outside work	3.41 (.91)	Chinese managers will have strong features on	
8. Preferring, above all else, to work alone	3.40 (.91)	17. Believing that managers must act completely	
20. Believing that if one is motivated enough,		ethically	3.99 (.94)
anything can be achieved	3.37 (1.01)	14. Regarding the well-being of its people	
29. Keeping a personal distance from subordinates	3.36 (.98)	as the objective of the organization	3.98 (.97)
28. Working through the hierarchy at all time	3.34 (.95)	32. Giving subordinates open access to information	3.94 (.94)
33. A high level of management knowledge and skills	3.33 (.92)	30. Socializing with subordinates outside work	3.88 (.89)
17. Believing that managers must act completely		25. Having a completely democratic management style	3.86 (.98)
ethically	3.32 (1.02)	9. Preferring, above all else, to direct other people	3.83 (.88)
21. Believing that own achievement is based very much		15. Considering only the results of the	
on outside forces	3.28 (.92)	organization as being paramount	3.82 (1.08)
32. Giving subordinates open access to information	3.26 (.98)	8. Preferring, above all else, to work alone	3.77 (1.03)
23. Outcome-based decision	3.25 (.90)	1. Preferring the security and assertive	3.70 (1.07)
16. Condoning all business practices		23. Outcome-based decision	3.53 (1.05)
if objectives are met	3.23 (.96)	21. Believing that own achievement is based very much	
22. Basing decisions on pre-set principles,		on outside forces	3.41 (1.08)
rather than outcomes	3.21 (.87)	26. Believing that reward should be based on status	3.31 (1.19)
13. Being confrontational and assertive	3.15 (.93)	16. Condoning all business practices	
19. Being completely loyal to the organization		if objectives are met #	3.24 (1.17)
above all other things	3.19 (.94)	22. Basing decisions on pre-set principles,	
25. Having a completely democratic management style	3.14 (.92)	rather than outcomes	3.16 (1.11)
14. Regarding the well-being of its people		28. Working through the hierarchy at all time	3.09 (1.16)
as the objective of the organization	3.12 (.97)	29. Keeping a personal distance from subordinates	3.02 (1.10)
Generally Chinese managers are having weak features on		2. Preferring work to be unpredictable	3.02 (1.18)
11. Making sacrifices for the good of the group	2.95 (.98)	Chinese managers will have weak features on	
24. Believing that generally employees		13. Being confrontational and assertive	2.74 (1.13)
are not to be trusted	2.76 (.96)	12. Depending only on self	2.50 (1.16)
12. Depending only on self	2.68 (.99)	24. Believing that generally employees	
2. Preferring work to be unpredictable	2.44 (.89)	are not to be trusted	2.31 (1.09)

# no significant differences have been found.



Mann-Whitney U test has been used to analyze the differences between the management styles currently existing in Chinese organizations and the type of managers required for the future of the organizations. There are significant differences ( $p < .05$ ) in the majority of features between the generally Chinese managers at the moment and the managers required for the future. There is only one attribute, namely, condoning business practices, in which no significant difference was found between the perceptions of managers currently working in the organization and managers required in the future.

It can be concluded from table 7 that Chinese managers agree that Chinese managerial values will be undergoing significant changes. The Chinese managers will mostly prefer to find jobs that can provide them with opportunities to develop. The managers with a high level of management skills and ability to challenge difficulties are also strongly needed by the Chinese organizations in the future. Generally the issues related to self-improving management skills will be encouraged significantly (average mean score above 4). It can be expected that Chinese managers will find as many opportunities as possible to learn and develop their management skills in order to achieve their ambition to reach the top of management ladder. Most of the attributes identified in Factor 1 will be the dominant Chinese management styles in the future.

Some Chinese management styles concerning loyalty, collectivism and people-orientation, which have been mentioned in the dimension of Factor 2, will also be enhanced in the future. In contrast, management styles of believing employees not be trusted, depending on self, working hierarchically, keeping distance from subordinates and being confrontational and assertive, which have been described in the dimension of Factor 3, will all be seen as being unacceptable Chinese management styles in the future. The only management style that will resist the change is being ethical. As indicated in the literature, being ethical is one of the main characteristics in Chinese philosophy 'Confucianism'. Generally, the research findings in management can support the Hypotheses One that Chinese management styles will experience a significant change.

However, there is not many differences found between the managers working in two types of enterprises: Chinese SOEs and Sino-Western JVs in the aspect of management styles. There are mainly two explanations for this situation. Firstly, Chinese managers working in Chinese SOEs have already adapted more advanced management orientation compared with their organizations. Secondly, Chinese managers generally share similar and common cultural orientation. No matter what kind of organizations they are working, changes in working values may only appear among some superficial or technical management styles.

**Table 8** The Changing Attitudes towards Management Styles

	Me, as a manager		Managers generally in my organization		The type of manager required for the future of the organization	
	mean (SD)	mean (SD)	mean (SD)	mean (SD)	mean (SD)	mean (SD)
<b>Factor 1 Self-improving managers</b>	<40	>40	<40	>40	<40	>40
6. Setting self difficult goals	4.15 (.78)	4.33 (.64)	3.33 (.90)**	3.84 (.88)**	4.38 (.76)	4.49 (.63)
5. Eager for opportunities to learn and develop	4.57 (.70)	4.60 (.90)	3.84 (.95)	4.13 (.81)	4.48 (.72)	4.64 (.57)
4. Free in a job to adopt own approach	3.84 (1.06)	4.11 (.88)	3.47 (.93)	3.69 (.85)	4.05 (.87)	4.09 (.90)
18. Honouring responsibilities towards relatives						
8. Preferring, above all else, to work alone	3.78 (1.03)	3.78 (1.02)	3.36 (.91)	3.47 (.92)	3.74 (1.02)	3.84 (1.13)
33. A high level of management knowledge and skills	3.92 (.87)	4.00 (.80)	3.25 (.93)**	3.61 (.78)**	4.53 (.78)	4.52 (.70)
3. Very ambitious to reach the top	3.81 (1.01)	3.86 (1.11)	3.47 (.95)	3.60 (.99)	4.11 (.94)	4.14 (.94)
2. Preferring work to be unpredictable	2.69 (1.08)	2.57 (1.15)	2.40 (.87)	2.38 (.85)	3.06 (1.20)	2.67 (1.13)
27. Believing that reward should be based on achievement	4.25 (.69)	4.27 (.58)	3.53 (1.01)**	4.02 (.88)**	4.26 (.83)	4.42 (.54)
9. Preferring, above all else, to direct other people	3.61 (.94)	3.68 (.80)	3.63 (.87)	3.45 (.93)	3.78 (.87)	4.02 (.98)
<b>Factor 2 Charitable managers</b>						
11. Making sacrifices for the good of the group	3.71 (.91)**	4.09 (.76)**	2.79 (.98)**	3.45 (.85)**	4.16 (.82)	4.24 (.88)
14. Regarding the well-being of its people as the objective of the organization	3.66 (1.03)	3.91 (.82)	3.02 (.98)**	3.56 (.81)**	3.95 (.98)	4.13 (.87)
10. Believing that work is the most important thing in life	3.84 (1.00)**	4.31 (.67)**	3.32 (.92)**	3.91 (.82)**	4.15 (.82)	4.33 (.60)
19. Being completely loyal to the organization above all other things	3.78 (.96)*	4.31 (.48)*	3.14 (.97)	3.50 (.82)	4.22 (.95)	4.38 (.81)
17. Believing that managers must act completely Ethically	3.82 (1.01)	3.75 (1.01)	3.26 (1.03)	3.48 (1.07)	3.99 (.95)	4.05 (.95)
25. Having a completely democratic management style	3.57 (.98)	3.78 (.93)	3.02 (.93)**	3.57 (.85)**	3.85 9.98)	3.86 (1.06)
7. Enjoying, above all else, to work as part of a team	3.97 9.87)	4.16 (.64)	3.51 (.89)	3.64 (.61)	4.17 (.81)	4.24 (.68)
20. Believing that if one is motivated enough, anything can be achieved	3.78 (.97)	3.62 (.98)	3.30 (.93)*	3.61 (.99)*	4.05 (.95)	3.98 (1.10)
<b>Factor 3 Dictatorial managers</b>						
28. Working through the hierarchy at all time	2.81 (1.02)**	3.27 (.94)**	3.35 (.96)	3.41 (.95)	2.97 (1.13)**	3.49 (1.22)**
24. Believing that generally employees are not to be trusted	2.08 (.89)	2.29 (.92)	2.74 (.95)	2.63 (.90)	2.25 (1.05)	2.40 (1.05)
26. Believing that reward should be based on status	3.08 (1.15)	3.58 (1.03)	3.40 (1.02)	3.68 (.96)	3.17 (1.18)	3.70 (1.11)



15. Considering only the results of the organization as being paramount	3.42 (.106)**	3.91 (.97)**	3.31 (.96)*	3.73 (.97)*	3.75 (1.08)**	4.25 (.99)**
29. Keeping a personal distance from subordinates	2.81 (1.10)	3.16 (1.07)	3.34 (1.01)	3.34 (.94)	2.94 (1.10)*	3.30 (1.07)*
12. Depending only on self	2.41 (.96)*	2.76 (1.07)*	2.61 (.97)	2.86 (1.00)	2.48 (1.15)	2.67 (1.15)
13. Being confrontational and assertive	2.82 (1.05)	2.80 (1.04)	3.20 (.93)	2.93 (.93)	2.74 (1.12)	2.71 (1.14)
16. Condoning all business practices						
if objectives are met	2.97 (1.13)	3.27 (1.04)	3.19 (.97)	3.25 (.97)	3.16 (1.17)	3.49 (1.20)
<b>Factor 4 Open-minded managers</b>						
31. Communicating openly	3.91 (.87)	3.80 (.81)	3.37 (.92)	3.59 (.87)	4.17 (.79)	3.95 (.86)
30. Socializing with subordinates outside work	3.74 (.88)	3.79 (.77)	3.34 (.94)*	3.71 (.83)*	3.91 (.88)	3.86 (.84)
32. Giving subordinates open access to information	3.72 (.92)	3.84 (.74)	3.17 (1.01)**	3.61 (.78)**	3.90 (.99)	4.02 (.79)
21. Believing that own achievement is based very much on outside forces	3.15 (1.01)	3.00 (.86)	3.32 (.93)*	2.98 (.86)*	3.39 (1.07)	3.33 (1.08)
22. Basing decisions on pre-set principles, rather than outcomes	2.92 (1.01)	3.16 (.90)	3.21 (.87)	3.10 (.88)	3.10 (1.12)	3.28 (1.05)

\*p<.05, \*\*p<.01

As discussed in the organizational part, the management styles of Chinese managers who are over 40 years of age have been compared with the management styles of Chinese managers who are below 40 years of age. It is expected that younger Chinese managers will show less collectivistic management styles than older Chinese managers. In contrast, because of the differences in educational background and work experience, the management styles of older Chinese managers will be more group oriented.

Compared to their organizations, Chinese managers are more willing to accept ‘modern’ management ideas and styles (Table 8). This is the reason why there are not many significant differences between these two age groups of managers. Generally, significant differences have been identified in the perceptions of making sacrifices for the good of group ( p<.01), being loyal to the organization (p<.05), regarding the well-being of its people as the objective of the organization (p<.01), and believing that if one is motivated enough, anything can be achieved (p<.01). As indicated in the organizational part, older Chinese managers are more people-oriented than their younger colleagues.

Significant difference has also been found in the aspect of the attitudes towards work. Older managers consider their work as being the most important thing in life. However younger managers consider it less important than older ones ( p<.01 ). Although

Chinese managers are willing to adopt more advanced management styles, older managers are seeing themselves as being more hierarchical than younger managers ( $p < .01$ ).

## **4.5 Case Study**

### **INTRODUCTION**

Blue Sword Group at the time of the study was generally recognized as one of the most efficient and largest beer manufacturers in west China. It is important to note that this case study is not a representative of Chinese state owned enterprises. However there are two reasons to choose Blue Sword Group as a case study. First, according to Mr. Zeng Qingrong, the Chairman of the board and the General Manager of Blue Sword Group, Blue Sword Group has formed its own characteristics of management ideology, which has combined Chinese own cultural values and advanced Western management styles. Secondly Blue Sword Group has the experience of forming a joint venture with a Western MNE. Even though the attempt did not succeed, some lessons concluded have been identified to be very valuable for future practice.

The study presented in this chapter is based on the author's personal contact with President of Blue Sword Group and the Office of Policy Research in Chengdu. The Assistant to the Chairman of the Board, Tan Lingping, has provided the author with detailed information about the enterprise. Some scholars at Office of Policy Research also provided some research papers about Blue Sword Group.

### **Section 1 BLUE SWORD GROUP**

#### **1. Background of the Company**

Blue Sword Group used to be Chengdu Beer Factory and was established in 1986. Its headquarters and main factory is located in the northwest of the beautiful, richly endowed Chengdu Plain. It is 59 kilometres from Chengdu, the capital city of Sichuan Province, with an area of 350,000 square meters and 2,800 employees, among whom



573 are managerial personnel and engineers with medium to senior technical titles, accounting for 2.4 percent of the total.

Ten years ago, Blue Sword Group was only a less known small brewer that was based on a bankrupted beer factory- Shifang Beer Factory. Blue Sword Group has now become the largest beer and beverage manufacturer in the Southwest of China, with an annual productivity of 60,000 tons. The production scale of the enterprise is increasing fast. Altogether there are 30 types of products in 4 categories. The industry structure, with beer as the leading products, includes soft drinks, medicine, food, packing, printing international trade and commerce, with total fixed RMB 980 million-yuan.

Blue Sword Group is a comparatively advanced enterprise in the same industry in China. All of the production systems are complete sets of advanced equipment, technology and management expertise imported or introduced from America, Italy, France and Japan. In 1998, the sales revenue reached more than RMB 2000 million Yuan with profit over RMB 100 million Yuan. It is still regarded as a large sized Stated owned enterprise.

## **2. Reformed Enterprise**

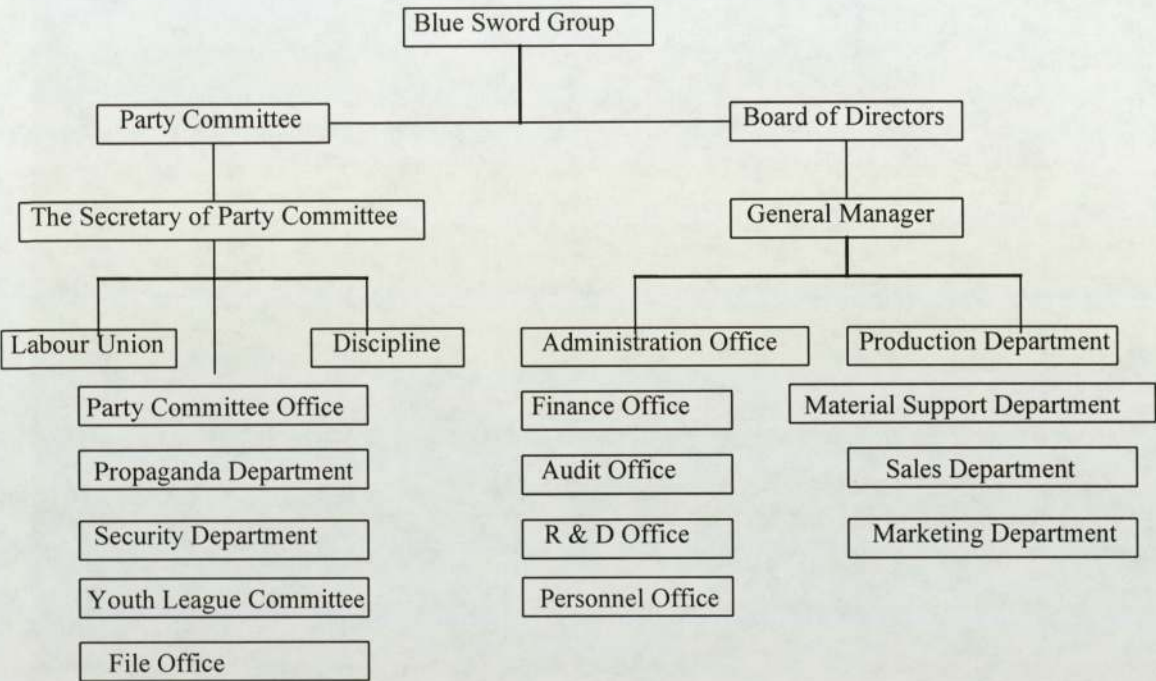
The basic reason for Blue Sward's development is the economic reform and open-door policy. However, it cannot be denied that its achievement was also dependent on its own efficient management systems. According to Mr. Zeng Qingrong, Blue Sword's distinguished organizational culture and management systems are the real facts that contributed to Blue Sword Group's success. Blue Sword Group has formed its own strong organizational culture and management styles since its establishment. The following are a few features worth noting:

- **Independence - no 'mother-in-law'**

From Figure 18, it can be identified that even though Blue Sword Group is categorized as a State Owned Enterprise, it has successfully shifted from the transitional socialist management system to a marketing-oriented management system. There is no other

official organizations or government departments (in Chinese, they are called ‘mother-in-law’) directly controlling the enterprise. The following figure illustrates the management structure of Blue Sword Group.

**Figure 18** Blue Sword Group



Source: Basic Knowledge, Party Committee Office of Blue Sword Group, June 1999

In Blue Sword Group, the General Manager is responsible for all the business operation activities (Figure 18). However, being named Chinese SOEs, Blue Sword Group still has to keep the traditional post, the Secretary of the Party Committee. Now they call this post as the ‘Second Hand’ instead of ‘First Hand’ which was used in the past (the person who is holding the top position in the leadership). Therefore, this second hand position is held by the same person who is also the General Manager - Mr. Zeng Qingrong. Thus Mr. Zeng Qingrong controls most of the organizational operations. The result is that the organization can make its own decision for the business operation without pressure from outside. According to Tan Lingping, the Assistant to Chairman of the Board, “Blue Sword Beer Company was established on a



bankrupted enterprise. We cannot depend on the instruction from local government any more. To be responsible to ourselves is the only way that we could survive.”

- **‘The policies of two cats’ - personal responsibilities**

Deng Xiaoping has a famous saying “no matter a white cat or a black cat, as long as it catch the mouse, it’s a good cat.” That means the person should be evaluated only according to his achievement rather than his backgrounds.

Different from other Chinese State Owned enterprises, all the managers from senior to junior positions in Blue Sword have obtained sufficient authority to conduct their duty. Their ability and achievements are evaluated according to the profit they can make for the company. So they have obtained much authority such as the right to dismiss any employee who they think is incompetent. This situation cannot be imagined in other Chinese SOEs. Mr. Zeng Qingrong, the Chairman of Directors and the General Manager, once pointed out “Managers must be persons who take responsibilities and must be persons who shoulder all troubles at the same time. The managers who fail to run an enterprise with profit are committing a crime (Journal of Policy and Strategy, April, 1999).” He also compared himself to a “capitalist” instead of “head of the factory”. According to him, the reason that most Chinese State Owned enterprises went bankrupt is that the managers had been restricted and inspected by the normal values and socialist ideology instead of taking the responsibility to enterprises.

- **‘Business market is like a battlefield’ - the market as the life-line of the enterprise**

In Blue Sword Group, the management system has been formed to be linked closely to the needs of the market. All the management activities are taken according to the market needs. The company keeps developing new products according to the trend of the market, readjusting the products according to the demand of the market, and giving up certain products according to the changes in the market. Employees’ promotion is also based on their achievement in the market. Mr. Guo Xuming was a salesman in

1992. However, because of his achievement of grabbing the largest market in Sichuan, he was promoted to be the Vice-General Manager of Blue Sword Group.

The decision-makers at Blue Sword always compare the business to a battlefield. Only those who make the right judgement, conduct in-depth analysis into the future and make prompt preparations can take a chance to achieve triumph (Journal of Policy and Strategy, April, 1999).

- **Loyal to the organization**

Perhaps the most important factor that makes Blue Sword more efficient than the other Chinese SOEs is its people. The company requires that all the employees be loyal to Blue Sword Group at all time. The decision-makers believe that only those employees who are faithful to the enterprise will readily face the setbacks or failure with the enterprise in a spirit of devotion. One of the strategies is that all of the managers and staff in Blue Sword Group have stock options. The staff can get the stock benefits annually. The share of stock differs according to the position. The higher ranks mean more shares. The self-benefit is bound not only with the profit of the enterprise, but also with the loyalty to the people who are controlling the enterprise.

Another strategy is to offer many chances of self-development to managers and employees, especially to the young ones. Every year the company selects dozens of junior managers and young employees to take training courses or even degree course in some well-known universities. Most of those managers are promoted when they finish the course. Some distinguished managers have even been sent to study abroad. However, there are some problems concerning this motivation strategy. Some of the young managers 'tiao cao' (abandon one position in favour of another) to other companies as soon as they finish their training. So, to be loyal to the enterprise is one of the conditions for the young employees to be sent for training.



## **Section 2 LESSONS FROM THE FAILURE**

In 1994, nearly 80% of the beer market was controlled by Blue Sword beer in Sichuan province. However because of the severe market competition and the need to develop, Blue Sword Company experienced monetary shortage. The decision-makers of the company also realized that to import the advanced management practice and to meet the international management standards was the clue to achieving the aim of becoming an International Consortium. At the same time it was going to be much easier for some international companies to enter into Chinese inland market if they established a joint venture enterprise with Blue Sword Company. Based on these reasons, in the late of 1994, French Investment Bank suggested Belgium Interbrew S.A. Company set up a joint venture with Blue Sword Beer Company.

However the story of the success of Blue Sword Group in China and the international reputation of Belgium Interbrew Company did not hide problems and risks in this cooperation. Due to the different understanding of organizational management and cultural compatibility, which have been summarized in the following sections, it could not avoid frustrations of this short-life joint venture. Different management styles that many Western multinational companies had encountered in China also caused the failure.

### **1. ‘In same bed, with different dreams’ - Who controls the Joint Venture?**

In 1994, Mr. De Keersmaecker, Chairman of Interbrew S.A., visited Blue Sword Company and generally agreed to establish a joint venture. “ We were very excited about the cooperation at that time, ” said Tan Lingping, Assistant to the Chairman of the Board, “ Interbrew is the fourth largest beer manufacturers in the world. The joint venture could help us update the technology and management systems. We expected that our beer could appear in the supermarkets of Western countries.”

With the involvement of an international company, that was ambitious to develop the Chinese market, the Chinese local government had hoped to boost the local economy. A successful Chinese SOE that was determined to become an international company, had safeguarded the initial stages of negotiation and joint venture establishment. However, the further construction, operation, expansion of business expectations and personnel management could not be outlined in detail in the final contract. According to the contract, Interbrew Company invested RMB 35,000,000 Yuan in the JV and controlled the 60% of share holding. Chinese side could not use the brand of Blue Sword any more. The products of this brand had to be sought under the name of Interbrew.

Because of different understanding and purposes of joint venturing, both Chinese local government and Blue Sword Company wanted to play dominant roles in decision-making. Against a background in which the majority of shares were held by Interbrew Company, a final decision on organizational management was not always be in favour of Interbrew. The influence of Blue Sword organizational culture and political power of the Chinese government could not be underestimated. For instance, in terms of marketing strategies, Belgium Company insisted that the main products should be focused on Chinese market and the scale of product investment should be mainly on the low and middle level. However Chinese side wanted to improve the quality of the products to meet the international standard and export the products abroad. As Mr. Zeng states “ We wanted to march toward international market. Our goal is to realize internationalisation of management and operation, striving to become an international consortium and make greater contributions to the promotion of national industries.” (Journal of Policies and Strategies, 1999). However, the Belgium Company had a different vision and wanted to make profit as soon as possible. The following question was raised “ who is in control?” In many occasions, arguments and disagreement occurred as regarded not only to business direction, but also to people management.



## **2. 'The best plan: buy popular support' - people management**

Perhaps the most important factor to make joint ventures work in China is people. More and more multinational companies operating in China have realised that joint venture business is in fact a 'people' business. It is very important to identify people's tendency before establishing the joint venture.

In order to establish the management necessary for JV organizations, at the plant level, Interbrew company sent several expatriate managers from Belgium and some Hong Kong Chinese who had a firm grip on Western management concepts but who were alienated from Chinese society and culture. The expatriate managers had been provided with a house and a car. The annual salary was above US\$100,000 per person. "That amount of money was the total annual payment of our 400 employees at that time." Tan Lingping reminded. Furthermore, the severe problems were that the domination of expatriate managers made most local Chinese managers feel that they had been ignored and had very limited chance to be promoted to higher levels of management positions.

As soon as the JV established, the conflicts between the Chinese employees and foreign expatriates, expatriate Chinese managers and local Chinese managers, emerged. Interbrew Company wanted to rearrange the Chinese managers and recruit new Chinese employees. However this policy was totally against old personnel systems of local Chinese enterprises. The employees, especially workers, were mostly recruited in two different sources: because local government had to release the pressure of high unemployment rate, the workers who used to work in some bankrupted SOEs had the priority to be arranged; old employees of the enterprise often arrange their sons or daughters or even relatives to work in the enterprise via their relationship. Interbrew Company insisted that the enterprise should recruit employees publicly.

A distinctive gap had also been created between the sent-in management and local staff regarding aspects of housing, salary and career advancement. There were many complains about the JVs from the Chinese employees at that time. "Most of the

managers complaint was that they would become cheap labour and slaves.” said Ms Tan. Chinese managers also complained that the Western managers did not understand Chinese culture and situation. In order to save cost, the old welfare systems including housing, health care and pension had to be modified.

- **The Interference from the ‘mother-in-law’**

Actually, the local government played a major role to improve the establishment of the enterprise. The government’s previous expectation was to build an international investing environment through the example of Blue Sward and Interbrew’s joint venture. However many unexpected problems occurred with the establishment of the joint venture. The local government received the appeals not only from the employees who had lost their jobs, but also from retired workers who were worried about their pension and health care.

In 1995, government intervened in this joint venture. According to the newly established law of evaluating the enterprise asset and brand, the value of Blue Sword Company’s asset and brand should be RMB 600,000,000. Based on this calculation, Belgium Company’s investment to dominate the JV’s management and product’s brand was unreasonable. Local Chinese government also modified some local regulations on the employee policy of the foreign investing enterprise and on the conditions for the future development of these foreign investing companies.

Even though Interbrew Company denied the new result of evaluating asset and brand, not surprisingly they agreed to terminate this joint venture without further conditions. This ‘short-life’ joint venture collapsed in less than one year after the date that both sides had signed the contract.

It has to be admitted that there could be some other factors, which might have caused the failure of this joint venture, for instance, the backgrounds of some Chinese general manager, the influence of local government in the joint venture, the functions of former Chinese management groups in the joint venture and so on. However the questions



could not be answered due to the limitation of research resource and the information access.

Based on the information collected, it can be concluded that the failure of Belgium and Blue Sword's joint venture is mainly due to the lack of local acknowledge, especially Blue Sword's original organizational culture. Blue Sword Company may be very different from other nearly bankrupt Chinese State Owned enterprises. It has formed its own organizational cultures, which have been widely accepted by its managers and employees. Blue Sword's motivation of joint venturing with foreign investors is also too simply to be regarded as raising investment for future development. Government's interference may be seen as the external cause of the failure. Misjudging the existing characteristics of Chinese managers and employees is, in fact, the direct reason for the 'divorce of this bitter marriage'.

## **Chapter 5**

### **DISUSSION AND CONCLUSION**

#### **5.1 Discussion on the Research Findings**

Under the current political environment in China, there are still going to be many significant changes in organizational cultures and managerial values among Chinese enterprises with the economic development in China. In addition, because of the involvement of Western cultural and working values, it is almost impossible for Chinese organizations not to be influenced. In order to test the hypotheses, the research in this dissertation focused on the study of the difference between the current organizational cultures and managerial values and their future trend in Chinese enterprises including Chinese SOEs and Sino-Western JVs. There are three main findings that can support the hypothesis that Chinese organizations and Chinese management styles are undergoing changes significantly because of the economic reform. They are:

- The future changes of Chinese organizations and managerial values have been identified.
- Although, currently, Sino-Western JVs are more marketing-oriented than Chinese SOEs, Chinese SOEs are reforming to be more efficient.
- Work Values are also changing. Younger Chinese managers are showing more individualistic work values than older Chinese managers.

The comparative study of the management styles between Chinese managers working in Chinese SOEs and Chinese managers employed by Sino-Western JVs has also been conducted in order to provide better understanding of the changes in organizational cultures and management styles. In order to provide a vivid explanation, hypotheses in this study can be interpreted in the form of a question:



## **Will Chinese Organizational Cultures and Management Styles Change?**

- **Answer One: Yes, they are going to change significantly under the influence of new and Western management strategies.**

According to the research findings, most Chinese organizations and companies are going to undergo significant changes from old Socialist organizational structure to a new and more market-focused organizational structure as a result of the reform. In terms of organizational culture, Answer One can be supported by research findings (Table 3 and Table 4). Most Chinese managers who have been investigated in this research agree that their organizations are having a strong consciousness of market orientation. Their organizations also consider improving marketing techniques as the priority in their future development.

Most technical management strategies such as market-orientation and clear objectives will be enhanced in the future Chinese organizational cultures. It is expected that Chinese enterprises will have significant improvements in most of organizational aspects and thus be more successful and efficient. In the case study, Blue Sword Group's success is mainly due to their intensive marketing and result orientated organizational strategies. More and more enterprises in China will improve and advance their organizations to make it more suitable for sustaining competition in the near future.

Most Chinese managers strongly support the market-driven strategies of their organization. Significant differences have been found among most of the aspects of management styles between managers' current management styles and their future expectation. Chinese managers are becoming more interested in learning Western management techniques and management concepts. Possessing strong management skills is the key to a promising career. Chinese managers in this research have shown significant enthusiasm in improving their management abilities too. In the case study, one of the most efficient motivation strategies adopted by Blue Sword was to send employees on training courses in universities. In contrast to traditional Chinese cultural values such as modesty and the doctrine of the mean, Chinese managers are more

willing to express their ambitions of taking more responsibilities and play more supervisory roles. This finding is consistent with Child's opinion that the adaptation of advanced management from Western world is a typical issue, which Chinese government has intended to improve via the 'Open Door Policy' (Child, 1994).

However, Chinese managers admit that the development of their enterprises is being influenced or decided by the government related regulations. This finding can also be supported by both the questionnaire and the case study. In the case study, the failure of the joint venture was partly due to the interference of the government. As shown in the case study, sometimes, local Chinese governments may have greater power compared with the central government. Domination and control over the government on Chinese enterprises will still be one of the key environmental factors. Political environment has been criticized as a restricted issue for the economic development in China. Foreign investors should take upon this issue seriously if they are seeking further development in China. There is also a significant gap between the current situation and the future perspective of Chinese enterprises in terms of organizational cultures and management styles. It will take time and effort to change both personal and organizational attitudes due to cultural influences and political reasons.

Significant differences have been found in many aspects of organizational cultures between these two groups. Sino-Western JVs are taking the lead compared with Chinese SOEs in terms of advanced organizational management. Chinese managers working in Sino-Western JVs see themselves as having stronger consciousness in terms of marketing techniques than Chinese managers working in Chinese SOEs. This is also true when managers from Sino-Western JVs are showing more ambitious attitudes compared to those from Chinese SOEs. In other words, JV managers are having stronger characteristics of individualism than SOE managers. The organizational and managerial differences between Chinese SOEs and Sino-Western JVs can prove the fact that Western-working values has influenced Chinese organizational cultures and managerial values.



- **Answer Two: But, the change is a process of organizational modernization with Chinese Cultural Characteristics.**

Chinese managers expressed their wish to reform the old-fashioned organizations. However, some typical Chinese cultural values are also significantly rooted in Chinese organizations and managerial styles. This phenomenon can be identified from the changes in Chinese organizational cultures. As shown in Table 4, the majority of characteristics of Chinese organizational cultures will change significantly, either being strengthened or weakened. The only attributes that do not have significant differences between the perceptions of the current organizations and the way it is going to be are the attributes of hierarchy, centralization and authority. As indicated in the literature, Chinese cultural values are characterized by highly hierarchical, very centralized and highly authoritarian values.

According to the findings of the questionnaire survey, these Chinese cultural attributes will continue to be strong in Chinese organizations in the future (average mean score is above 3.7). In other words, since the Chinese traditional values are deeply rooted in Chinese philosophy, the hierarchy, centralization and authority are not expected to change significantly in the near future. Even Chinese JV managers who are proud of adopting more advanced marketing practices admit that there is no significant difference between their organizations and Chinese SOEs in term of these traditional Chinese cultural values.

Chinese organizations tend to adopt an autocratic and centralized style of leadership. Even in some successfully modernized Chinese organizations, Chinese managers cannot break away from this cultural orientation. In the case study, the General Manager controls almost all the aspects of organizational operations. It can be identified that Blue Sword set up management systems which allows top managers to have easy access to all the departments within the company. These findings can be partly supported by Moore's opinion on Chinese cultural values. Moore (1967) indicates that traditional Chinese values emphasize the authority of the hierarchy, and employees' participation is shown as a threat to 'face saving'.

Vertinsky et al. (1994, in Jackson p87) indicate that the democracy and employees' participation have been a feature of business organizations in China. However, this opinion is not supported by the findings reported in this research. Chinese managers in this research complain that their organizations currently are not doing enough in terms of encouraging diversity of opinion, consulting employees, etc.

In the case study, the enterprise has extricated itself from the shadow of government. However, the reform also provided an opportunity for the top managers to maintain their authoritative positions. In Blue Sword Group, employees' loyalty to the company is emphasized, but top managers actually control the company. They generally keep tight control of the top-down management, especially financial information. There is a large 'power distance' between the managers and their subordinates. Major decisions are almost made by managers solely. The workplace is equivalent to a family atmosphere. Employees' loyalty to the organization is, in fact, the loyalty to top managers. Organizations have been built into a command system. In this case, any resistance to this command system (under the control of top managers) is not tolerated. This situation is due to the Chinese characteristics of a strong orientation towards the group and respect to the authority.

As some researchers indicate that through the change of organizational structure, directors of the enterprise have taken over power formerly held by party secretaries. However, the 'power distance' remains very large. Many researchers indicate that the consequences of 'power distance' may result in the difficulties for the development of individual responsibility and for rewarding performance on an individual basis (Huo and Von, 1995; Jackson and Bak, 1998; Warner, 1996; Zhu, 1996). However, they seem to ignore the fact that people's ambition to reach the top may be motivated. As shown in the case study, a manager's promotion (or reward) was actually based on his achievement.

It is interesting to find out that, most Chinese managers, in fact, oppose the attributes of hierarchy, centralization and authority (Figure 11). Chinese managers also express their wishes to change the situation. But, as being indicated above, there will not be a



significant change in the near future in this aspect. This is the conflict between the ideal expectation and practical reality.

As the research conclusion, some aspects of the management process will continue to be heavily influenced by Chinese cultural tradition for a relatively long period. The autocratic and centralized style of leadership, for example, will remain as one of dominant modes of leadership in Chinese organizations. Any successful modernization will be a compromised or will be a mixed form of traditional Chinese management and modern or Western management strategies.

## **5.2 Research Implication and Conclusion: Knowing the Inside Story before Investing**

There is an old Chinese saying -‘know the enemy and know yourself, and you can fight a hundred battles with no danger of defeat.’ Before investing in China, foreign companies, especially those that want to form joint ventures with Chinese SOEs, should learn from other companies that have already operated their business in China. From this research study, three points have been identified in this aspect.

First, the change of Chinese organizational cultures and managerial values under the influence of Western investment has been restricted by the Chinese economic and political environment. Government policies are widely considered to be a decisive factor influencing Chinese organizational cultures (Figure 11; Table 4). Chinese managers predict that the development of their organizations will still be decided by government policies.

Second, in this research, even though it has been shown that Sino-Western JVs changed their organizational cultures to be more efficient and market-oriented compared with Chinese SOEs, these changes only remain at the technical level. There are no significant differences concerning deeply rooted cultural values between Chinese SOEs and Sino-Western JVs. It is very important for foreign investors to be conscious of these ‘inside stories’ before investing in China. For example, in the case

study, the old but strong organizational culture was one of the crucial issues that resulted in the failure of the joint venture.

Third, it is necessary for Western companies to clarify their expectations for their potential Chinese partners if they tend to invest in the form of a joint venture in China. However, finding a suitable partner is not an easy job. The crucial point for the first stage of joint venture is to obtain reliable information on the potential Chinese partner. For example, in the case study, several pitfalls were not identified by Belgium Beer Company before they started the negotiation for the joint venture. The main site of the joint venture was located in a small inland city, where the living standards were much lower than in the coastal cities. According to the local business environment, the commitment from local government was often indispensable to the success of a joint venture. However, the foreign investors did not realize the importance of good connections with local government.

Generally Chinese organizations are undergoing changes significantly. They are going to be more marketing-oriented and more efficient. However traditional Chinese cultural values will still have influence on Chinese organizational cultures and management styles. Chinese managerial values will be more individualistic. Young Chinese managers are much easier to adapt themselves to the changing circumstance than older Chinese managers. Older Chinese managers are much more influenced by traditional Chinese cultural values as compared with young Chinese managers.

It can be concluded that both culture and economic environment contribute to organizational cultures. Organizational culture may change according to the change in economic environment. Managers themselves are also influenced by cultural and environmental factors, which have been addressed in the literature. The effectiveness of an international manager largely depends on his ability to manage the change of the corporate culture and communicate their management styles to their subordinates. Studies on the changes in organizational cultures and managerial values will help not only identify the strength of the influence from both national culture and economic development, but also provide a better understanding of how to manage these changes.



Significant differences exist between the concepts of Western and Chinese cultures. Western management principles contain the concept of 'Human Resources', looking at people as a resource in line with capital, machinery and raw material, which can be used to produce the final product or service. As part of the perception of Western philosophy, people are seen as an end in themselves (Jackson, 1999). However, Chinese attach greater importance and value to the people themselves and the culture is based on the ethic Confucianism. As discussed in the national cultural section, Chinese society has a strong collectivist orientation. Chinese cultural values stress the importance of social relationships and the obligations that contribute to hierarchical relationships in Confucian ideology (Hofstede and Bond, 1988; Tsui and Fath, 1997; Yeung and Tung, 1996).

There is a great urgency among all Chinese SOEs to modernize and improve their organization and management. SOEs still dominate the national industry in China, and they are widely recognized to be in dire need of improvement. Many of the Chinese SOEs are either breaking even or are operating at a loss. Chinese SOEs have to study basic principles of market operation from input of industrial materials to marketing their products. This has been proved to be a difficult process (Chen, 1995). Chinese SOEs are learning to adopt advanced Western management practices, especially in the form of joint venturing with Western firms. The managerial and organizational improvement is agreed to be a special potential for accelerating China's development (Child, 1994). However, according to this research, it is going to be a tough task to manage the change of organizational structure and managerial values during the process of reforming and joint venturing.

Child (1994, p266) indicates that there are three levels of changes in Chinese management because of foreign involvement, namely, technical change, systemic change and strategic change. Technical change refers to the change of new techniques, mainly concerning people's behaviour. Systemic change will affect Chinese ways of thinking, which may lead to the strategic change at the level of creating new pattern of thinking.

From this research, it can be concluded that Chinese organizations have adopted the efficient market-oriented strategies and Chinese managers are willing to learn the advanced management techniques. Chinese organization will also experience significant changes in the future and Chinese managers welcome these changes and the introduction of more new technically related practices. However conflicts appear within the second level. According to the result of this research, some traditional Chinese cultural values will continue to remain and resist the change. Based on this reason, it is going to be a long way to create a new pattern of thinking in Chinese concept of management.

China is one of the largest potential markets in the world and the economy continues to grow at a high rate. Increasing business opportunities will continue to attract more companies from Western countries in the future. China offers an opportunity for Western companies to learn how to incorporate different management styles and managing people from different cultural backgrounds. In terms of academic research, “It also provides a challenging application for competing theories on management and organization, all of which are derived from Western experience..... (Child, 1994, p4).” However “to date, there have been fewer studies into the effects of traditional Chinese cultural attributes on management in the PRC (Child, 1994, p30).” Therefore, in-depth studies of the impact of traditional Chinese values on Chinese enterprises and foreign subsidiaries in China will be an important topic in future research.



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**APPENDIX A**  
**QUESTIONNAIRE**

# Organization and Management Questionnaire (Jackson 1998)

My position: Senior management ☐ Middle management ☐ Junior management ☐

Number of subordinates .....

Sex: Male ☐ Female ☐ Age:..... My nationality ..... Ethnic origin ..... Home language.....

Nationality of company .....

Sector of activity .....

Size of company: Large ☐ Medium ☐ Small ☐

Number of employees .....

Please answer the following questions assigning a value of 1, 2, 3, 4 or 5 to every one of them as follows:

- a) My organization at the moment  
b) The way I would like it to be  
c) The way my organization is going

(1 = not like this at all - 5 = exactly like this)  
(1 = not like this at all - 5 = exactly like this)  
(1 = not like this at all - 5 = exactly like this)

	a) My organization at the moment	b) The way I would like it to be	c) The way it is going
1. Orientated towards the market	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
2. Risk taking	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
3. Clear objectives	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
4. Very hierarchical	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
5. Highly centralized	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
6. Very authoritarian	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
7. Many strict rules	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
8. Very ethical	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
9. Very successful	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
10. Undergoing rapid change	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
11. Foreign owned	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
12. Provides equal opportunities for all	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
13. Motivates employees	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
14. Clear policies on employee relations	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
15. Strong trade unions	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
16. Inter-ethnic harmony	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
17. Clear policies on client or customer relations	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
18. Results oriented	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
19. High level of management expertise and skill	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
20. Has the well-being of its people as major objective	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
21. Consults employees	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
22. Has clear and formal rules of action	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
23. Very flexible	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
24. Bound by government regulations	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
25. Influenced by family relationships	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
26. Encourages diversity of opinions	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
27. Much internal competition for promotion	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5

Please turn over.....



Please circle the number (from 1 to 5) which you feel is most appropriate, as follows  
a) Me, as a manager (1 = not like me at all - 5 = just like me); b) Managers generally in my organization (1 = not like them at all - 5 = just like them); c) The type of manager required for the future of the organization (1 = not what is required at all - 5 = just what is required)

	a) Me, as a manager	b) Managers generally in my organization	c) The type of manager required for the future of the organization
1. Preferring the security of a steady job	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
2. Preferring work to be unpredictable	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
3. Very ambitious to reach the top	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
4. Freedom in a job to adopt own approach	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
5. Eager for opportunities to learn and develop	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
6. Setting self difficult goals	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
7. Enjoying, above all else, to work as part of a team	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
8. Preferring, above all else, to work alone	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
9. Preferring, above all else, to direct other people	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
10. Believing that work is the most important thing in life	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
11. Making sacrifices for the good of the group	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
12. Depending only on self	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
13. Being confrontational and assertive	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
14. Regarding the well-being of its people as the objective of an organization	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
15. Considering only the results of the organization as being paramount	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
16. Condoning all business practices if objectives are met	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
17. Believing that managers must act completely ethically	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
18. Honouring responsibilities towards relatives	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
19. Being completely loyal to the organization, above all other things	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
20. Believing that if one is motivated enough, anything can be achieved	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
21. Believing that own achievement is based very much on outside forces	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
22. Basing decisions on pre-set principles, rather than outcomes	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
23. Basing decisions on likely outcome, not on pre-set principles	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
24. Believing that generally employees are not to be trusted	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
25. Having a completely democratic management style	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
26. Believing that reward should be based on status	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
27. Believing that reward should be based on achievement	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
28. Working through the hierarchy at all times	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
29. Keeping a personal distance from subordinates	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
30. Socializing with subordinates outside work	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
31. Communicating openly	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
32. Giving subordinates open access to information	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
33. A high level of management knowledge and skills	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5

# 組織與管理問卷

職位：高層管理( ) 中層管理( ) 基層管理( )

下屬人數( )

性別：男( ) 女( ) 年齡( ) 國籍( ) 民族( )

公司性質：國營( ) 私營( ) 中外合資( ) 外商獨資( )

所屬行業：( )

公司規模：大( ) 中( ) 小( ) 員工人數( )

根據下列標準，在表中國上一個您認為最標準的數字(1, 2, 3, 4, 5  
分別表示程度的從弱到強)：

1 = 根本不是這樣，2 = 不是這樣，3 = 無所謂是與不是，4 = 基本上是這樣，  
5 = 完全是這樣

a) 公司目前狀況

b) 我希望公司成為

c) 公司變化趨勢

1 市場導向	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
2 冒險	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
3 目標明確	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
4 等級分明	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
5 高度集權	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
6 特別強調附從權利	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
7 具有許多嚴格制度	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
8 非常有道德	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
9 非常成功	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
10 正在經歷快速變革	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
11 外商所有	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
12 所有員工機會均等	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
13 激勵員工	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
14 與員工關係上的政策明確	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
15 工會強有力	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
16 企業內部不同民族間關係和諧	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
17 與顧客關係上的政策明確	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
18 結果導向	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
19 管理技巧高	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
20 把職工生活幸福當作主要目標	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
21 征求員工意見	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
22 具有明確正式的行為準則	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
23 非常能適應環境變化	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
24 遵守政府規定	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
25 受家族關係影響	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
26 鼓勵不同意見	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
27 晉升時內部競爭激烈	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5

接下頁



根据下列标准，在表中圈上您認為最合適的數字：

對於a) 和 b)：1 = 根本不象 2 = 不象 3 = 無所謂象不象 4 = 象 5 = 很象  
 對於c)：1 = 根本不需要 2 = 不需要 3 = 無所謂需要不需要 4 = 需要 5 = 非常需要

	a)我做為經理	b)我公司大多數經理	c)公司將來需要的經理
1 喜歡有穩定工作的安全感	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
2 偏愛無法預測結果的工作	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
3 有當最高領導的雄心	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
4 工作中有采用自己方法的自由	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
5 渴望學習與發展的機會	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
6 設置自己的挑戰性的目標	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
7 特別樂意做為群體的一部分工作	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
8 偏愛獨立工作	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
9 非常喜歡指導其他人工作	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
10 相信工作是生活中最重要的事	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
11 愿為集體利益犧牲個人利益	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
12 只依靠自己工作	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
13 不易接受不同意見過於相信自己	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
14 把員工生活幸福當作組織目標	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
15 只把企業的經營結果當作最高目標	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
16 如果目標符合什麼商務活動都可以做	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
17 相信經理的行動必須完全道德	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
18 對親屬有責任感	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
19 對企業的忠誠高於一切	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
20 相信一個人如果被充分激勵，什麼工作都能完成	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
21 相信自己的成就非常依賴外部力量	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
22 依據先前原則決策而非可能的後果	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
23 依靠可能的結果決策而非先前原則	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
24 認為一般不能相信職工	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
25 具有完全民主的管理作風	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
26 確信報酬應依據地位	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
27 認為報酬應根據成就	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
28 任何時候都按等級制度工作	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
29 和下屬保持距離	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
30 業餘時間和下屬接觸	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
31 與員工公開的溝通和交流	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
32 向下屬公開信息	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
33 高水平的管理知識與技能	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5

## The structure of the questionnaire ( Jackson 1998)

The questionnaire comprises two separate forms referred to here as (A) Side One, items 1-27, and (B) Side Two, items 1-33.

- A. Side One - Organization:**
- Items 1-27
    - a) current organization
    - b) ideal organization
    - c) direction of change

The first questionnaire (A) looks at organizational culture, and is based on the literature on organizational culture (Vertinski, Tse, Wehrung and Lee, 1990 is a good start, and some of the current questionnaire items are taken from their study) rather than societal/national culture: although levels of hierarchy and strict rules, for example, may be explained by societal cultures such as power distance, uncertainty avoidance and others. Its purpose is to discern (a) the current situation in organizations; (b) the ideal, or the way that respondents would want their organization to be; and, (c) the way it seems to be going. (c) may differ from both the current situation and the ideal situation, and reflects respondent's perception of the direction of change (e.g. whether their organizational is becoming more centralized or less centralized).

AREA	ITEM (VARIABLE LABEL) <i>[items in italics are out of sequence]</i>
Strategy in terms of:	1. orientation towards the market (market) 2. risk taking (risk) 3. clear objectives (objectives)
Structure in terms of	4. very hierarchical (hierarchy) 5. highly centralized (centralized)
Governance and decision-making in terms of	6. very authoritarian (authoritarian) 21. <i>consults employees (consults)</i>
Control in terms of	7. many strict rules (rules) 22. <i>has clear and formal rules of action (formal)</i> 23. <i>very flexible (flexible)</i> 24. <i>bound by government regulation (government)</i> 25. <i>influenced by family relationships (family)</i>
Character in terms of	8. very ethical (ethical) 9. very successful (successful) 10. undergoing rapid change (changing) 11. foreign owned (foreign)
Internal policies in terms of	12. provides equal opportunities for all (equal-ops) 14. clear policies on employee relations (emp-relations)
Internal climate in terms of	13. <i>motivates employees (motivates)</i> 15. strong trade unions (unions) 16. inter-ethnic harmony (inter-ethnic) 26. <i>encourages diversity of opinions (diverse-opinions)</i> 27. <i>much internal competition for promotion (promotion)</i>
External policies in terms of	17. clear policies on client/customer relations (client-relations) 18. results oriented (results)
Management in terms of	19. high level of management expertise and skill (management)
People orientation in term of	20. has the well-being of its people as major objective (people-oriented)



B. Side Two - Management:  
Items 1-33

- a) Me, as manager (participant response)
- b) Managers generally in my organization (Observant response)
- c) The type of manager required for the future of the organization (ideal response)

The items 1-10 represent various aspect of work MOTivation, and do not constitute a scale or scales. Item 10 refers specifically to the centrality of work (England, 1986), and items 6 (MOTgoals), 9 (MOTdirect) and 7 (MOTteam) also refer to McClelland's (1987) Achievement, Power and Affiliation motives respectively.

Items 11-20 refer to the orientation toward the COLlective as being target specific (11.COLgroup, 13.COLrelatives, and 19.COLorganization) versus orientation to the self or INDividualism: depending only on self (12.INDself, ), being assertive and confrontational (13.INDconfront), and being achievement oriented (20.INDachieve). This also has parallels, but may cut across a dimension of HUManism versus INSTRumentalism: the well being of people as main objective of organizations (14.HUMpeople), being completely ethical (17. HUMethics) versus seeing results as paramount (15.INSTresults) and condoning all business practices (16.INSTbusiness)

AREA

Work motivators.  
(Carr, 1979, and  
see Kelly, Whatley  
& Worthy, 1981,  
Alpander & Carter,  
1991, and  
England, 1986,  
McClelland (1987)

ITEM (VARIABLE LABEL)

1. preferring security of a steady job (MOTsecure)
2. preferring work to be unpredictable (MOTunpredict)
3. very ambitious to reach the top (MOTambition)
4. freedom in job to adopt own approach (MOTautonomy)
5. eager for opportunities to learn and develop (MOTlearn)
6. setting self difficult goals (MOTgoals)
7. enjoying above all else to work as part of a team (MOTteam)
8. preferring above all else to work alone (MOTALone)
9. preferring above all else to direct other people (MOTdirect)
10. believing that work is the most important thing in life (MOTwork)

Orientation towards  
self, collective and  
business.

(Koopman, 1991,

Laurent, 1989)

11. making sacrifices for the good of the group (COLgroup)
12. depending only on self (INDself)
13. being confrontational and assertive (INDconfront)
14. regarding the well-being of is people as the objective of an Wagner, 1995, organization (HUMpeople)
15. considering only the results of the organization as being paramount (INSTresults)
16. condoning all business practices if objectives are met (INSTbusiness)
17. believing that managers must act completely ethically (HUMethics)
18. honouring responsibilities towards relatives (COLrelatives)
19. being completely loyal to the organization, above all other things (COLorganization)
20. believing that if one is motivated enough, anything can be achieved (INDachieve)

Cultural factors  
Lane & DiStefano,  
1992,

21. believing that own achievement is based very much on outside forces (LOCexternal)
22. basing decisions on pre-set principles rather than outcomes (TIMEpast)
23. basing decisions on likely outcomes not on pre-set principles (TIMEfuture)
24. believing that generally employees are not to be trusted (NATbad)
25. having a complete democratic management style (NATgood)

- 26. believing that reward should be based on status  
(RELhierarchy)
- 27. believing that reward should be based on achievement  
(RELindividual)
- 28. working through the hierarchy at all times (RELhierarchy)
- 29. keeping a personal distance from subordinates  
(DISTprivate)
- 30. socializing with subordinates outside work (DISTpublic)
- 31. communicating openly (COMopen)
- 32. giving subordinates open access to information (INFopen)

Level of management

- 33. a high level of management knowledge and skills  
(MANhigh)



## **APPENDIX B**

### **CROSS-TABULATION BETWEEN POSITION AND TYPES OF ENTERPRISES**

APPENDIX B

CROSS-TABULATION BETWEEN POSITION AND TYPES OF ENTERPRISES

Type of company		Company size			Total
		Large	Medium	Small	
Chinese State Owned	Count	87	54	28	149
	% within type of companies	45.00%	36%	18.80%	100%
	% within company size	64.40%	58.10%	62.20%	61.60%
	% of total	27.70%	22.30%	11.60%	61.60%
Sin-Western JVs	Count	37	39	17	93
	% within type of companies	39.80%	41.90%	18.30%	100%
	% within company size	35.60%	41.90%	37.80%	38.40%
	% of total	15.30%	16.10%	7.00%	38.40%
Total	Count	104	93	45	242
	% within type of companies	43%	38.40%	18.60%	100%
	% within company size	100%	100%	100%	100%
	% of total	43%	38.40%	18.60%	100%



## APPENDIX C

### ORGANIZATIONAL AND MANAGERIAL DIFFERENCES BETWEEN CHINESE STATE OWNED ENTERPRISES AND SINO-WESTERN JOINT VENTURES

# Organizational Differences between Chinese State Owned Enterprises and Sino-Western Joint Ventures

	Nationality of company	Mean	SD	MD
Market-oriented (current)	Chinese State Owned	3.381	1.135	** -0.45
	joint ventures	3.83	0.875	** -0.45
Market-oriented (ideal)	Chinese State Owned	4.539	0.733	-0.16
	joint ventures	4.699	0.484	-0.16
Market-oriented (projected)	Chinese State Owned	4.232	0.959	-0.094
	joint ventures	4.326	0.868	-0.094
Clear objectives (Current)	Chinese State Owned	3.819	1.06	-0.16
	joint ventures	3.979	0.887	-0.16
Clear objectives (Ideal)	Chinese State Owned	4.701	0.513	0.038
	joint ventures	4.663	0.678	0.038
Clear objectives (Projected)	Chinese State Owned	4.123	1.025	-0.164
	joint ventures	4.287	0.887	-0.164
Hierarchical (current)	Chinese State Owned	3.831	0.934	-0.061
	joint ventures	3.892	0.972	-0.061
Hierarchical (ideal)	Chinese State Owned	3.714	1.034	0.076
	joint ventures	3.638	1.056	0.076
Hierarchical (projected)	Chinese State Owned	3.861	1.071	-0.021
	joint ventures	3.882	1.031	-0.021
Centralized (current)	Chinese State Owned	3.865	1.026	0.29
	joint ventures	3.574	1.168	0.29
Centralized (ideal)	Chinese State Owned	3.24	1.103	0.186
	joint ventures	3.054	1.077	0.186
Centralized (projected)	Chinese State Owned	3.693	1.143	0.052
	joint ventures	3.641	1.095	0.052
Authoritarian (current)	Chinese State Owned	3.695	1.026	0.233
	joint ventures	3.462	1.038	0.233
Authoritarian (ideal)	Chinese State Owned	3.42	1.154	0.211
	joint ventures	3.209	0.983	0.211
Authoritarian (projected)	Chinese State Owned	3.733	1.085	* 0.34
	joint ventures	3.391	1.148	* 0.34
Rule-bound (current)	Chinese State Owned	3.662	1.018	0.003
	joint ventures	3.66	0.968	0.003
Rule-bound (ideal)	Chinese State Owned	4.209	0.8	0.135
	joint ventures	4.074	0.806	0.135
Rule-bound (projected)	Chinese State Owned	4.033	1.118	0.151
	joint ventures	3.882	0.998	0.151
Ethical (current)	Chinese State Owned	3.5	0.945	-0.121
	joint ventures	3.621	0.901	-0.121
Ethical (ideal)	Chinese State Owned	4.288	0.704	0.035
	joint ventures	4.253	0.771	0.035
Ethical (projected)	Chinese State Owned	3.849	1.008	-0.055
	joint ventures	3.903	0.956	-0.055
Successful (current)	Chinese State Owned	2.981	1.117	-0.262



	joint ventures	3.242	1.059	-0.262
Successful (ideal)	Chinese State Owned	4.536	0.735	0.01
	joint ventures	4.526	0.666	0.01
Successful (projected)	Chinese State Owned	3.658	1.163	-0.184
	joint ventures	3.842	0.993	-0.184
Change (current)	Chinese State Owned	3.373	1.152	0.015
	joint ventures	3.358	1.175	0.015
Change (ideal)	Chinese State Owned	4.092	1.019	0.061
	joint ventures	4.032	0.893	0.061
Change (projected)	Chinese State Owned	3.829	1.184	0.116
	joint ventures	3.713	1.113	0.116
Equal opportunities (current)	Chinese State Owned	2.695	1.173	*-0.37
	joint ventures	3.065	1.111	*-0.37
Equal opportunities (ideal)	Chinese State Owned	4.174	0.941	0.21
	joint ventures	4.38	0.768	0.21
Equal opportunities (projected)	Chinese State Owned	3.359	1.233	0.31
	joint ventures	3.6	1.11	0.31
Motivates employees (current)	Chinese State Owned	3.15	1.044	-0.039
	joint ventures	3.189	0.982	-0.039
Motivates employees (ideal)	Chinese State Owned	4.364	0.77	-0.136
	joint ventures	4.5	0.635	-0.136
Motivates employees (projected)	Chinese State Owned	3.698	1.184	-0.091
	joint ventures	3.789	1.129	-0.091
Employee policies (current)	Chinese State Owned	3.197	1.023	*-0.29
	joint ventures	3.484	0.977	*-0.29
Employee policies (ideal)	Chinese State Owned	4.119	0.765	*-0.22
	joint ventures	4.337	0.709	*-0.22
Employee policies (projected)	Chinese State Owned	3.623	1.044	-0.229
	joint ventures	3.851	0.972	-0.229
Strong Unions (current)	Chinese State Owned	2.206	1.03	0.079
	joint ventures	2.128	1.05	0.079
Strong unions (ideal)	Chinese State Owned	3.695	1.056	*0.33
	joint ventures	3.362	1.208	*0.33
Strong unions (projected)	Chinese State Owned	3.033	1.31	*0.44
	joint ventures	2.596	1.247	*0.44
Customer policies (current)	Chinese State Owned	3.52	1	-0.269
	joint ventures	3.789	0.977	-0.269
Customer policies (ideal)	Chinese State Owned	4.242	0.732	**0.20
	joint ventures	4.442	0.847	**0.20
Customer policies (projected)	Chinese State Owned	3.857	1	**0.36
	joint ventures	4.213	0.89	**0.36
Results-oriented (current)	Chinese State Owned	3.514	1.005	-0.196
	joint ventures	3.71	0.962	-0.196
Results-oriented (ideal)	Chinese State Owned	3.877	0.901	*-0.24
	joint ventures	4.12	0.709	*-0.24
Results-oriented (projected)	Chinese State Owned	3.767	0.969	-0.134
	joint ventures	3.901	0.92	-0.134
Management skills (current)	Chinese State Owned	2.64	1.012	**0.45
	joint ventures	3.095	0.912	**0.45
Management skills (ideal)	Chinese State Owned	4.423	0.595	-0.093



	joint ventures	4.516	0.599	-0.093
Management skills (projected)	Chinese State Owned	3.682	1.088	-0.137
	joint ventures	3.819	1.057	-0.137
People-oriented (current)	Chinese State Owned	2.796	1.17	0.126
	joint ventures	2.67	1.13	0.126
People-oriented (ideal)	Chinese State Owned	4.149	0.79	-0.01
	joint ventures	4.16	0.919	-0.01
People-oriented (projected)	Chinese State Owned	3.513	1.145	*0.32
	joint ventures	3.191	1.176	*0.32
Consults staff (current)	Chinese State Owned	2.871	1.115	-0.319
	joint ventures	3.189	0.879	-0.319
Consults staff (ideal)	Chinese State Owned	4.234	0.694	0.086
	joint ventures	4.147	0.743	0.086
Consults staff (projected)	Chinese State Owned	3.553	1.109	-0.086
	joint ventures	3.638	1.035	-0.086
Formal rules (current)	Chinese State Owned	3.32	1.092	-0.228
	joint ventures	3.548	0.961	-0.228
Formal rules (ideal)	Chinese State Owned	4.242	0.827	-0.113
	joint ventures	4.355	0.686	-0.113
Formal rules (projected)	Chinese State Owned	3.947	0.972	-0.031
	joint ventures	3.978	0.889	-0.031
Flexible (current)	Chinese State Owned	2.786	1.066	** -0.47
	joint ventures	3.253	1.041	** -0.47
Flexible (ideal)	Chinese State Owned	4.303	0.719	-0.165
	joint ventures	4.468	0.617	-0.165
Flexible (projected)	Chinese State Owned	3.647	1.075	-0.226
	joint ventures	3.872	1.039	-0.226
Govt. regulations (current)	Chinese State Owned	3.948	0.884	** -0.37
	joint ventures	4.316	0.673	** -0.37
Govt. regulations (ideals)	Chinese State Owned	4.216	0.658	* -0.15
	joint ventures	4.368	0.759	* -0.15
Govt. regulations (projected)	Chinese State Owned	4.185	0.697	* -0.23
	joint ventures	4.411	0.61	* -0.23
Opinion diversity (current)	Chinese State Owned	2.748	1.054	-0.157
	joint ventures	2.905	1.073	-0.157
Opinion diversity (ideal)	Chinese State Owned	4.013	0.843	-0.113
	joint ventures	4.126	0.866	-0.113
Opinion diversity (projected)	Chinese State Owned	3.362	1.064	-0.133
	joint ventures	3.495	1.061	-0.133
Internal competition (current)	Chinese State Owned	3.277	1.16	-0.102
	joint ventures	3.379	0.991	-0.102
Internal competition (ideal)	Chinese State Owned	3.843	0.94	0.064
	joint ventures	3.779	0.936	0.064
Internal competition (projected)	Chinese State Owned	3.776	1.018	0.229
	joint ventures	3.547	0.965	0.229

\*\*P<.01, \*P<.05



# Organizational Differences between Chinese State Owned Enterprises and Sino-Western Joint Ventures

	Nationality of company	Mean	SD	MD
Security (self)	Chinese State Owned	3.742	0.95	0.047
	joint ventures	3.695	0.93	0.047
Security (others)	Chinese State Owned	4.079	0.71	-0.12
	joint ventures	4.202	0.68	-0.12
Security (required)	Chinese State Owned	3.671	1.08	-0.1
	joint ventures	3.768	1.05	-0.1
Unpredictability (self)	Chinese State Owned	2.684	1.12	-0.03
	joint ventures	2.713	1.06	-0.03
Unpredictability (others)	Chinese State Owned	2.351	0.87	-0.2
	joint ventures	2.553	0.9	-0.2
Unpredictability (required)	Chinese State Owned	2.967	1.19	-0.12
	joint ventures	3.084	1.17	-0.12
Ambitious (self)	Chinese State Owned	3.74	1.1	*-0.31
	joint ventures	4.053	0.9	*-0.31
Ambitious (others)	Chinese State Owned	3.523	1.01	-0.06
	joint ventures	3.581	0.9	-0.06
Ambitious (required)	Chinese State Owned	4.073	0.98	-0.14
	joint ventures	4.213	0.87	-0.14
Autonomy (self)	Chinese State Owned	3.839	1.05	-0.17
	joint ventures	4.011	1.01	-0.17
Autonomy (others)	Chinese State Owned	3.549	0.85	0.028
	joint ventures	3.521	1.01	0.028
Autonomy (required)	Chinese State Owned	4.104	0.79	0.05
	joint ventures	4.054	0.96	0.05
Learning-oriented (self)	Chinese State Owned	4.571	0.64	-0.06
	joint ventures	4.632	0.72	-0.06
Learning-oriented (others)	Chinese State Owned	3.914	0.95	-0.05
	joint ventures	3.968	0.92	-0.05
Learning-oriented (required)	Chinese State Owned	4.526	0.68	0
	joint ventures	4.526	0.7	0
Goal-setting (self)	Chinese State Owned	4.162	0.75	-0.12
	joint ventures	4.287	0.74	-0.12
Goal-setting (others)	Chinese State Owned	3.359	0.91	-0.21
	joint ventures	3.57	0.89	-0.21
Goal-setting (required)	Chinese State Owned	4.405	0.69	0.033
	joint ventures	4.372	0.78	0.033
Team-oriented (self)	Chinese State Owned	4	0.78	-0.01
	joint ventures	4.011	0.94	-0.01
Team-oriented (others)	Chinese State Owned	3.467	0.91	-0.19
	joint ventures	3.656	0.76	-0.19
Team-oriented (required)	Chinese State Owned	4.123	0.77	-0.11
	joint ventures	4.234	0.84	-0.11
Lone-worker (self)	Chinese State Owned	3.8	1.03	0.063
	joint ventures	3.737	0.99	0.063



Lone-worker (others)	Chinese State Owned	3.377	0.95	-0.05
	joint ventures	3.426	0.85	-0.05
Lone-worker (required)	Chinese State Owned	3.787	1.02	0.04
	joint ventures	3.747	1.06	0.04
Direct others (self)	Chinese State Owned	3.453	0.92	** 0.47
	joint ventures	3.924	0.76	** 0.47
Direct others (others)	Chinese State Owned	3.591	0.85	-0.05
	joint ventures	3.644	0.88	-0.05
Direct others (required)	Chinese State Owned	3.773	0.88	-0.15
	joint ventures	3.922	0.86	-0.15
Work-centrality (self)	Chinese State Owned	3.98	0.91	0.172
	joint ventures	3.809	1.05	0.172
Work-centrality (others)	Chinese State Owned	3.454	0.91	-0.01
	joint ventures	3.462	1.01	-0.01
Work-centrality (required)	Chinese State Owned	4.132	0.81	-0.07
	joint ventures	4.202	0.78	-0.07
Group first (self)	Chinese State Owned	3.774	0.9	0.016
	joint ventures	3.758	0.9	0.016
Group first (others)	Chinese State Owned	2.922	1.02	-0.07
	joint ventures	2.989	0.91	-0.07
Group first (required)	Chinese State Owned	4.136	0.87	-0.04
	joint ventures	4.179	0.81	-0.04
Self-dependent (self)	Chinese State Owned	2.606	1.08	0.238
	joint ventures	2.368	0.92	0.238
Self-dependent (others)	Chinese State Owned	2.706	0.99	0.082
	joint ventures	2.624	1	0.082
Self-dependent (required)	Chinese State Owned	2.575	1.13	0.245
	joint ventures	2.33	1.18	0.245
Confrontational (self)	Chinese State Owned	2.844	1.09	0.034
	joint ventures	2.811	0.97	0.034
Confrontational (others)	Chinese State Owned	3.184	0.92	0.077
	joint ventures	3.108	0.94	0.077
Confrontational (required)	Chinese State Owned	2.877	1.13	**0.4
	joint ventures	2.479	1.05	**0.4
People well-being focused (self)	Chinese State Owned	3.727	0.95	0.114
	joint ventures	3.613	1.06	0.114
People well-being focused (others)	Chinese State Owned	3.136	0.97	0.039
	joint ventures	3.098	0.95	0.039
People well-being focused(required)	Chinese State Owned	4.032	0.87	0.163
	joint ventures	3.87	1.11	0.163
Organizational results-focused (self)	Chinese State Owned	3.444	1.03	*-0.24
	joint ventures	3.681	1.07	*-0.24
Organizational results-focused (others)	Chinese State Owned	3.377	0.9	-0.12
	joint ventures	3.495	1.05	-0.12
Organizational results-focused (required)	Chinese State Owned	3.678	1.1	**0.4
	joint ventures	4.064	1	**0.4
Condone all business practice (self)	Chinese State Owned	3.046	1.13	0.003
	joint ventures	3.043	1.12	0.003



Reward achievement-based (required)	Chinese State Owned	4.235	0.8	-0.16
	joint ventures	4.394	0.71	-0.16
Hierarchy-focused (self)	Chinese State Owned	2.903	1.01	-0.02
	joint ventures	2.926	1.03	-0.02
Hierarchy-focused (others)	Chinese State Owned	3.346	0.94	-0.02
	joint ventures	3.362	0.96	-0.02
Hierarchy-focused (required)	Chinese State Owned	3.124	1.14	0.103
	joint ventures	3.021	1.18	0.103
Personal distance (self)	Chinese State Owned	2.832	1.08	-0.23
	joint ventures	3.063	1.1	-0.23
Personal distance (others)	Chinese State Owned	3.414	0.95	0.117
	joint ventures	3.298	1.01	0.117
Personal distance (required)	Chinese State Owned	3.026	1.12	-0.01
	joint ventures	3.032	1.07	-0.01
Subordinate-socializing (self)	Chinese State Owned	3.81	0.88	*0.22
	joint ventures	3.589	0.88	*0.22
Subordinate-socializing (others)	Chinese State Owned	3.424	0.92	0.041
	joint ventures	3.383	0.91	0.041
Subordinate-socializing (required)	Chinese State Owned	3.94	0.82	0.161
	joint ventures	3.779	0.98	0.161
Openly communicating (self)	Chinese State Owned	3.839	0.85	-0.13
	joint ventures	3.968	0.88	-0.13
Openly communicating (others)	Chinese State Owned	3.32	0.92	*-0.30
	joint ventures	3.628	0.83	*-0.30
Openly communicating (required)	Chinese State Owned	4.071	0.77	-0.1
	joint ventures	4.168	0.87	-0.1
Employee open-access (self)	Chinese State Owned	3.729	0.89	-0.03
	joint ventures	3.758	0.9	-0.03
Employee open-access (others)	Chinese State Owned	3.23	0.97	-0.07
	joint ventures	3.301	0.99	-0.07
Employee open-access (required)	Chinese State Owned	3.955	0.89	0.072
	joint ventures	3.883	1.03	0.072
Management skills (self)	Chinese State Owned	3.89	0.89	-0.14
	joint ventures	4.032	0.75	-0.14
Management Skills (others)	Chinese State Owned	3.211	0.93	*-0.32
	joint ventures	3.527	0.88	*-0.32
Management Skills (required)	Chinese State Owned	4.526	0.75	-0.01
	joint ventures	4.532	0.79	-0.01

\*\*P<.01, \*P<.05