

The changing nature of management and culture in China

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The changing nature of management in China

- Traditional Chinese culture
- Western influence
- Corporate culture transition

Traditional Chinese culture

Three most important philosophical schools during Spring & Autumn period and War Kingdoms period :

- Legalism
- Taoism
- Confucianism

Traditional Chinese culture

- Idea of strong central government (Legalism)
- Respect for hierarchy and family (Confucianism)

Paternalistic corporate culture:

- 'Top-down' leadership and authority
- Collectivism and mutual dependence
- Employment and benefit protection ('iron rice-bowl')

Western influence

- Before the Opium War (1840) – stable cultural values.
After – influx of Western ideas.
- Before 1980s - ‘iron rice-bowl’ regime on SOEs.
After – formation of new corporate cultures.
- After 2001 – WTO accession + FDI + ODI

Corporate culture transition

- 1980s -1990s – ‘managerial revolution’ in China
- More central and market-driven role of managers
- Chinese executives became responsible for financial performance
- Still, considerable attention to family ties and ‘guanxi’
- **New types of managers** (Confucian + Western values)

Efficient vs Effective managers

- Efficient managers – pay most attention to profits & growth (short-term goals)
- Effective managers – act from the perspective of strategy (long-term goals)
- Traditional culture and social may help to improve organizational effectiveness

Convergence - Divergence

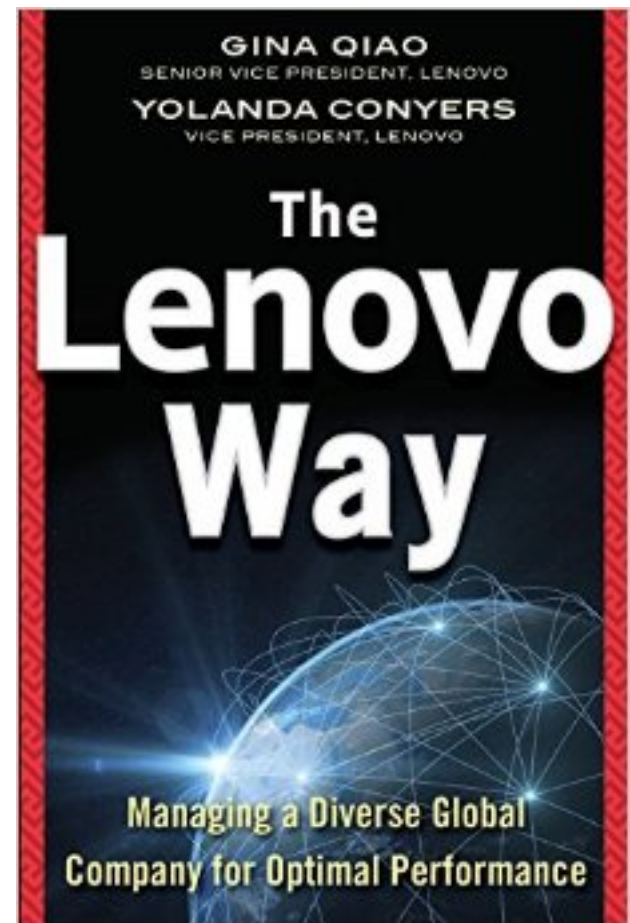
- Convergence: Ideology of the workspace. When a nation embraces capitalism, its value-system will be changed
- Divergence: The key factor determining individual values is the national culture. Value-system of the workforce will be stable.

Individualism - Collectivism

- Individualistic attitudes:
 - more prevalent among the cosmopolitan Chinese
 - more among managers in coastal areas
- Collectivism:
 - more prevalent among the local Chinese
 - better preserved in inland areas
- Younger generations tend to be more individualistic and less adherent to Confucianism norms

Incorporation of corporate cultures

- Lenovo & IBM
- ChemChina & Pirelli
- Volvo & Geely



Can China adopt new models?

Arguments for:

- collectivist orientation
- importance of relationships
- concern for harmony

Arguments against:

- Rigid hierarchies
- Top-down control

Thank you!