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Thomas MENKHOFF

*Singapore Management University*, [thomasm@smu.edu.sg](mailto:thomasm@smu.edu.sg)

Ulrike Badibanga

Yue Wah CHAY

*Singapore Management University*, [ywchay@smu.edu.sg](mailto:ywchay@smu.edu.sg)

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# Corporate Change Management in Asian Business – A Comparison between Chinese-Educated and English-Educated Chinese Entrepreneurs in Singapore<sup>1</sup>

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Thomas Menkhoff, Practice Associate Professor of Organizational Behavior, Lee Kong Chian School of Business, Singapore Management University, 50 Stamford Rd. #05-01, Singapore 178899, Republic of Singapore, Tel: 65-828-0397, Fax: 65-8280-777, E-mail: [thomasm@smu.edu.sg](mailto:thomasm@smu.edu.sg)

Ulrike Badibanga, c/o Thomas Menkhoff, Lee Kong Chian School of Business, Singapore Management University, 50 Stamford Rd. #05-01, Singapore 178899, Republic of Singapore, E-mail: [badibanga\\_ulrike@freenet.de](mailto:badibanga_ulrike@freenet.de)

Chay Yue Wah, Associate Professor, Division of Psychology, School of Humanities and Social Sciences, Nanyang Technological University, Nanyang Avenue, Singapore 639798, Tel: (+65) 6790.6745 (DID), Republic of Singapore, E-mail: [YWChay@ntu.edu.sg](mailto:YWChay@ntu.edu.sg)

## Abstract

Against the background of a rapidly changing business environment, the article examines the organizational change management behavior of the owner-managers of small and medium-sized enterprises in Singapore. The analysis of survey data is aimed at ascertaining whether there are any differences between Chinese and English-educated small (Chinese) businessmen in terms of Change Management (CM), a dichotomy that is of great historical and politico-cultural significance in Singapore. The survey data show that there are indeed differences between the subgroups (e. g. with regard to the initiation of a more participatory people management style) but these variations turned out to be far less pronounced than expected. Access to information, rather than culture, appears to be a key antecedent of the various change management approaches used by both groups. Chinese-educated businessmen in particular seem to be somewhat disadvantaged in this respect as the modern management literature is still largely published in English.

*Keywords: Ethnic Chinese; small and medium-sized enterprises (SME); Republic of Singapore; change management*

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## 1. Introduction

Most of the enterprises operating in Asia are small and medium-sized (family) firms (Buchholt/Menkhoff 1996). Their economic success has often been attributed to the so-called ‘Chinese cultural heritage’:

“There is a worldwide recognition that ethnic Chinese, wherever they have sunk new roots, have contributed significantly to the wealth of their adoptive lands and in the process, to nation-building. They were able to overcome severe odds and difficulties through thrift, hard work, perseverance, tolerance, and above all, their entrepreneurial spirit – which constitute part of the core values of the Chinese cultural heritage” (Encounter, Singapore Chinese Chamber of Commerce and Industry).

Since the Asian economic crisis, culture-centric explanations of Chinese business behavior have been replaced by an alternative proposition according to which cultural factors alone are inadequate in understanding the organizational peculiarities and economic (success) patterns of Chinese business. The 1997-99 crisis served as a reminder that the economic behavior of these entrepreneurs is also determined to a large extent by social, economical and political factors in their respective host countries and external factors (Lasserre 1988:117; Vasil 1995; Menkhoff 1998:253; Chan/Ng 2000, 2001; Menkhoff/Gerke eds. 2002).

Explanatory approaches, which highlight the cultural traits of ethnic Chinese in Asia, arguably imply that ethnic Chinese entrepreneurs are members of a homogenous group of people. This is clearly not the case as evidenced by the dichotomy of ‘Chinese-educated’ and ‘English-educated’ Chinese whose implications will be spelled out in the following with reference to the Republic of Singapore (Kwok 1998). In the case of Singapore with its Chinese majority, it is interesting to note that Chinese small and medium-sized enterprises played a secondary role in the city-state’s rapid economic development after it had become independent in 1965. The success of the tiny island republic at the southern tip of the Malay Peninsula has been attributed mainly to the strategy of the leading People’s Action Party (PAP) to develop the small country with the help of multi-national corporations (MNCs) based on export-led growth (Menkhoff 1998; Low 1999).

British colonial rule represented a strong pull factor for the migration of ethnic Chinese to Singapore. At the end of the 20<sup>th</sup> century, the percentage of Chinese descendants represented over 70% of the total population. Due to the structure of the colonial school system, a certain part of the Chinese population attended schools where English was used as the main medium of instruction. The rest, initially the majority but subsequently the minority, attended Chinese schools at least till the late 1980s (Pakir 1991). This situation led to internal social challenges because the government, the majority of which were English-educated intellectuals and professionals, focused its post-independence (1965) economic development strategies on the demands of MNCs and government-linked companies (GLCs). At least till the recession in the mid 1980s, the small indigenous private business sector - of which the majority was Chinese-educated – did not gain much prominence (Low 1998, 1999; Ng 2003). However, this situation changed drastically in the mid 1980s (recession) and 1990s when numerous SME-friendly initiatives and policies were introduced to encourage the development of local enterprises.

Singapore's policymakers have realized that local SMEs represent the backbone of the national economy and that they need help to master the transition to a knowledge-based economy, a key strategic goal of Singapore's policy-makers. All this requires the modernization of traditional structures and mindsets which explains why the topic of this paper, namely organizational change management, is so important in Singapore's business and society (MTI 1998).

Against the background of a very dynamic business environment and rapid external change, our study is aimed at analyzing how local SME's cope with these demands and requirements. The core objective is to ascertain empirically whether there is a difference between the change management (CM) behavior of Chinese and English-educated (Chinese) business folks in Singapore or not and to examine possible reasons. Theoretically, the study is informed by (i) Child's strategic choice theory (1972, 1997) which puts a premium on the ability of business managers and leaders to embrace change proactively, relating differences in managerial decision-making processes and approaches to individual cognitive reference frameworks and (ii) the emerging theory of Chinese enterprise management (Tong 1996; Gomez and Hsiao eds. 2001; Menkhoff and Gerke eds. 2002; Yao 2002; Yeung 2004) that postulates more or less substantial differences between 'traditional Chinese' and 'modern-western' management methods. In the context of Singapore, historically developed differences between Chinese and English-educated businessmen within the Chinese community with regard to their management behavior (Chong 1987; Lau 1999; Ng 2001) are theoretically important, too.

Research questions include:

1. Are there differences between Chinese and English-educated businessmen when it comes to strategic decisions whether or not to initiate organizational change measures? If yes, in what ways? If not, why not?
2. Do Chinese-educated businessmen adopt more traditional (Chinese) management and organizational practices while English-educated businessmen use more modern-western management methods? If yes, can such differences be explained by their respective cultural traits? If not, why not?
3. What is the implication of this dichotomy with regard to change management approaches (see para 3.4)?

## **2. Theoretical Framework**

### **2.1 Historical Background**

What are the social-cultural and political implications and dimensions of the difference between Chinese and English-educated Chinese people in Singapore (Badibanga 2002)? As far as Singapore is concerned, there is the widespread perception that Chinese and English-educated Chinese people have different cultural values and world views which is often explained with reference to their different upbringings and educational paths:

“Generally, the Chinese-educated regarded the English-educated as arrogant, open, modern, Westernized and easygoing. The English-educated thought of the Chinese-educated as conservative, parochial, chauvinistic, politicized (as in the 1940s and 1950s) and hard-working” (Lau 1999:201).

Despite mutual stereotypes and prejudices, there is hardly any empirical evidence about the factual differences between the two groups. In fact there is a dearth of empirical research studies on the subject, which is somewhat surprising given the latent interest conflicts between both groups as evidenced by historical retrospections and the renewed interest in Singapore's "Chinese ground" (Straits Times 3/9/2005:S8). The heritage of the insufficiently integrated colonial school system with its different language orientations is possibly a key factor in this respect.

Since the early days of Singapore's existence, English and Chinese-educated Chinese developed certain (often contrary) stereotypical perceptions of each other, which arguably manifested itself in different lifestyles and consumption habits caused by different cultural programmings (Lau 1999; Siddique 2004). Subsequently, diverging political interests and social class disparities emerged. In the 1920s, this mental divide became even bigger and politically disruptive due to the rise of nationalism that ignited an intensive engagement for Chinese education. At the same time there was a steep increase in the dissemination of communist ideologies and political movements in several Chinese schools (i.e. those where Chinese was used the main medium of instruction), which resulted in discriminating sanctions imposed by the ruling British colonial government. Social class differences along language lines began to harden as it was easier for the English-educated to secure a job in the civil service (and later in MNCs) due to their English language competence (Tan 1996). Consequently, many Chinese-educated Chinese people found employment in independent micro-enterprises and SMEs (also known as "reluctant entrepreneurs"). In 1965 when Singapore became independent, the ruling elites consisted primarily of English-educated professionals while a large proportion of Singapore's Chinese population was Chinese-educated.

As far as the current situation in Singapore's SME sector is concerned, our research was guided by the following broad assumptions: a) Chinese-educated entrepreneurs form the majority of all SME managers; b) they are generally older and have a lower educational level than English-educated entrepreneurs; c) as argued by some key informants, Chinese and English-educated Chinese entrepreneurs can be differentiated according to their 'traditional Chinese' (= Chinese-educated) and 'modern-western' (= English educated) managerial behavior (see Table 1).

## **2.2 Theory of Chinese Business Management**

Tong (1996) has described the 'typical' centralized organizational characteristics of Chinese enterprises with the concept of "centripetal authority". Often, the company founder is also the owner and manager. The decision process is centralized around the owner and a core group of family members. There is a low degree of delegation of authority or responsibility because information pertaining to the company is usually considered as trade secret and distributed solely among the close employees (usually the family members). The organization structure is informal. The management of Chinese family enterprise has been described as - in analogy to the traditional Chinese family system - as paternalistic, personal and authoritative (Menkhoff/Kay 2001:4; Tong/Yong 1997; Chong 1987:136). The employer has obligations vis-à-vis his or her employees in return for their respect and loyalty. For example, he / she will ensure the well-being of employees which could include their private life as well. Selective (paternalistic)

gratifications in form of certain privileges or monetary forms are used as management instruments, which may lead to vast internal differences and negative group dynamics (Menkhoff/Kay 2001:4; Herrmann-Pillath 1997:116). Chinese entrepreneurs typically believe that they are well informed. This over-confidence (Herrmann-Pillath 1997:117) may explain why decisions are often made intuitively and why systematic strategic planning is often neglected. Relationships (guanxi) are paramount for business initiations as the trustworthiness of a business partner is of the highest priority. Oral agreements are hence seen as equivalent to contractual ones, particularly among the older generation. This partly explains the important role of middlemen and the establishment of networks as well as (in)formal interest groups in the Chinese business community as this guarantees more or less moral business behavior and the honoring of business deals (Chan/Ng 2000:291). Another reason for the importance of trust, middlemen and networks is the hostile (institutional) environment in Asia in which Chinese entrepreneurs traditionally had to do business (Redding 1993; Menkhoff 1993; Menkhoff and Gerke eds. 2002).

<b>Organization and Management</b>	<b>‘Traditional Chinese’</b>	<b>‘Modern-Western’</b>
<b>Ownership Structure</b>	Family-owned Owner is usually director of company	Various forms of ownership Professional management / directors
<b>Leadership Style</b>	Authoritative	Participative
<b>Planning</b>	Intuitive	Strategic
<b>Decision Making</b>	Centralized with minimum participation	Decentralized, participation and delegation
<b>Information Management</b>	Information is considered as a secret / little information and knowledge sharing	More systematic information sharing
<b>Staff Development/ Training</b>	No proper staff development / concern that ‘well-trained’ employees might leave the company Low budget for training	Training is seen as a form of investment into human capital  Relatively large budget for training and development
<b>Change Management</b>	Not handled systematically as it is not seen as an area of great concern (muddling through)	More awareness that change is imperative and that CM should be based on a systematic approach

Sources: Lassere (1988); Redding (1993); Menkhoff (1993); Tong (1996); Herrmann-Pillath (1997); Anderson Consulting & Economist Intelligence Unit (2000); Menkhoff and Gerke (2002, 2004)

**Table 1: Comparison of ‘Traditional-Chinese’ and ‘Modern-Western’ Organizations and Management Characteristics**

Table 1 illustrates potential differences between a typical ‘traditional Chinese organization and management style’ vis-à-vis a more ‘modern-western corporate approach’. We argue that these characteristics have implications for the respective change management practices of Chinese and English-educated entrepreneurs.

### 2.3 Strategic Choice

Child's (1972, 1997) strategic choice's theory represents a suitable analytical framework for the study for several reasons: (i) it complements the theory of Chinese business as it puts an emphasis on the role of the organization's top decision-maker(s) and their network contacts; (ii) it highlights the cognitive framework of individual actors vis-à-vis the historical dimension and dichotomy of Chinese and English-educated Chinese business folks and their potentially different CM approaches.

A key proposition of the Strategic Choice perspective is that top organizational decision-makers have a significant influence on the strategic direction and associated change / adaptation processes of their organization. Respective individual decision processes are influenced by several factors such as action determinism and the individual cognitive reference framework, access to relevant, distinct and complete information and internal political processes.

While political processes within organizations are difficult to examine, it is relatively easier to examine the cognitive reference frameworks of corporate decision-makers that represent potential core antecedents (or barriers) of organizational change measures. According to Child, the cognitive reference framework also influences the interpretation of information as well as competence in information processing (provided that information is accessible at all in adequate form). Important cognitive variables include one's own ideology and demographic traits:

"... that decision-makers' cognitive evaluations of the situation would be shaped by their "prior ideology", and this drew attention to the ways that class, occupational and national socialization may shape managerial beliefs about action choices" (Child 1997:51).

"The 'demography' of top management teams, such as the age and educational level of their members, has also been found to exert an influence on the extent to which companies initiate strategic change [...]. Age and education, although they locate people within social categories which can generate common identities and beliefs, are likely to affect action determinism not only through the medium of ideology but also through competence. Thus, other things being equal, one would expect a young, highly educated person to be more aware of and / or to seek out a wider range of action alternatives than would an older, poorly educated person" (Child 1997:51).

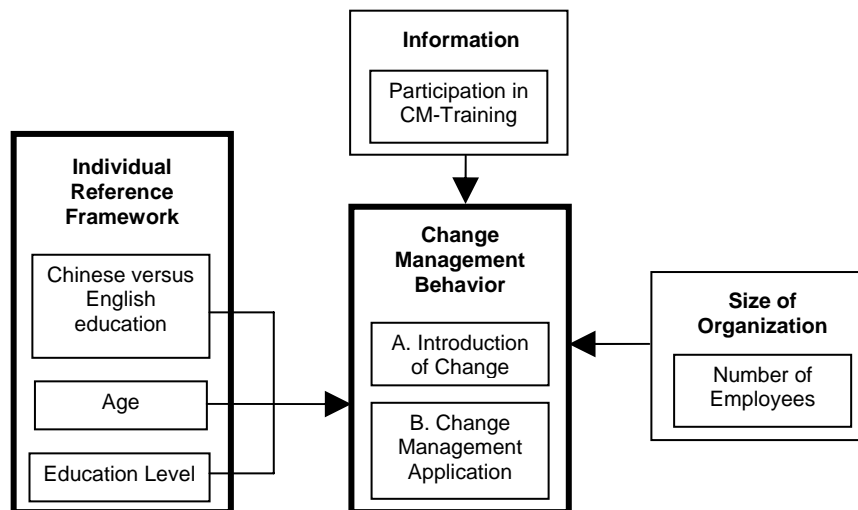
Regarding the meaning of the information for the decision making process, Child said:

"Action determinism can lead to an unwillingness to consider information that does not fit preconceived ideas, but the scarcity of information as a resource can also inhibit the range of choices considered. There are two issues to note here. The first concerns the problem of securing relevant information that is timely, in an analyzable form and not prohibitively expensive. The second concerns the problem of coping with information that is ambiguous, of questionable reliability and incomplete. Decision making, especially of the non-routine kind considered within strategic choice analysis, is thus liable to be conducted with uncertainty" (Child 1997:52).

### 2.4 Research Model

As illustrated in our research model (see Figure 1), we operationalise the **individual cognitive reference framework** of managers as follows: we regard the variable Chinese-versus English-educated as a sort of proxy for the overriding ideology in line with Child's ideas while the variables age and educational level represent key demographic

characteristics. In addition, we look at two control variables in relation to the **CM behavior** of the surveyed managers, namely **information** measured by examining whether research subjects participated in a CM-training and **size of organization** in terms of number of employees. We investigate these 5 variables with regard to their relationship to the CM behavior of the surveyed managers. As far as the CM-behavior is concerned, we distinguish between:



**Figure 1: Research Model - Individual Reference Framework and Control Variables, Information and Size of Organization as Influencing Factors of CM-Behavior**

A) Initiation of Change – with the independent variables introduction of change yes/no as well as the targets (or objects) of change measures: organizational structure, systems and work processes, technology, people (including task behaviors), organization culture, and organizational strategy.

B) CM-Approach - with the corresponding variables nature as well as scale of change measure (e.g. reactive vs. anticipative change), degree of planning the change measure before the start of implementation, resistance towards change, urgency of change, change leadership style, evaluation of change benefits and ability to overcome resistance to change.

We tried to understand and evaluate the relationship between the variable Chinese versus English-educated and the actual change measures (in terms of number, scale of change and so on) adopted by the SME owner-managers as well as internal and external forces of change.



### 3. Hypotheses

*H1: There is a significant relationship between the variable Chinese versus English-educated and the initiation of organizational change in ethnic Chinese small and medium-sized enterprises (SMEs) in Singapore.*

We argue that English-educated Chinese SME owner-managers are more likely to initiate change measures than their Chinese-educated counterparts (H1a), that they do this with regard to a larger number of change targets (H1b), and that there is a clear difference between both groups with regard to the actual change measures (H1c) implemented.

*H2: Chinese- and English-educated Chinese SME owner-managers differ in terms of their Change-Management approaches.*

We expect significant differences between both groups with regard to *people-oriented* change initiatives. In particular, we expect that Chinese-educated SME owner-managers do hardly initiate changes concerning (enhanced) training and development measures, (improved) information flows as well as (stronger) participation. Furthermore, we expect differences with regard to the assessment of the forces of change, resistance to change initiatives and success in overcoming these barriers.

*H3: Chinese-educated Chinese SME owner-managers have a tendency to adhere to 'traditional Chinese' management and organization techniques, while English-educated managers tend to adopt 'modern-western' ones.*

We expect that there is a *positive* association between being English-educated and change management-related variables such as the number of people-related organizational changes, the scale of such changes in terms of (enhanced) training and development, (improved) information flows and (stronger) participation, a larger degree of planning and control, a higher perceived urgency for change, a larger magnitude of change, and a more participatory leadership style. Consequently, we expect *negative* associations between being Chinese-educated and the variables above. Furthermore, we argue that being Chinese-educated is positively associated with *reactive* change while English-educated business folks embrace change more *proactively*.

### 4. Methodology

There is hardly any empirical material in Singapore, which would help us to shed light on the change management behavior of small firms and possible differences between Chinese and English-educated business folks. There is also limited literature concerning the socio-economic dynamics and specifics of Chinese and English-educated ethnic Chinese (Pakir 1991; Kwok 1998; Lau 1999). To tackle these issues, we focused our research activities on initial literature reviews and qualitative interviews with entrepreneurs, management consultants, representatives from monetary institutions and academics. Through these interviews, some general hypotheses were generated. The majority of the interviewees were identified with the help of the Singapore Chinese Chamber of Commerce & Industry (SCCCI) and the Singapore Institute of Management Consultants. The quantitative survey was conducted in collaboration with the SCCCI, encompassing all industry branches and business sectors.

The final survey form (questionnaire) was divided into the following sections: (i) demographics of respondent, (ii) business characteristics, (iii) organizational change (iv) personality traits, (v) firm performance, (vi) external management consultants. Two versions of the survey questionnaire (English and Chinese) with mostly closed-ended questions were developed. To ensure comprehensibility of the survey, different pre-tests were conducted. The initial response rate was very disappointing. Out of 1,000 questionnaires sent out, only 14 were returned. Through various means (e.g. telephone interviews by a team of interviewers and a 2<sup>nd</sup> survey wave comprising another 500 questionnaires) we finally managed to obtain a sample of 101 SMEs. This is a notable sample size considering the disclosure reservations of Chinese entrepreneurs. The surveyed SME's do represent the following sectors: manufacturing (28.7%), commerce (23.8%), professional services (20.8%), retail (8.9%) and other sectors (17.6%). The SME-criterion used in our study corresponds to the definition used by Singapore's Economic Development Board (EDB):

- 30% local ownership;
- fixed assets investments (FAI) of less than S\$15 million;
- employment size of less than 200 (less than 500 in manufacturing)

Quantitative data analyses were conducted with the help of SPSS based on descriptive analyses, using Chi-Square tests and correlation measures such as Cramer's V-Coefficient.

## **5. Results**

### **5.1 Demographic Characteristics of SME Owner-Managers**

The average Chinese-educated businessman surveyed was 47 years old, male and tended to have a secondary or tertiary education. English-educated business folks were about 41 years old, male and tended to have a tertiary education (see Table 2 as well as Figures 2 and 3 in the Appendix). As expected, the Chinese-educated businessmen in our sample were older and significantly lower educated than their English-educated counterparts.

### **5.2 Control Variables**

Only a fifth of the managers in both groups had participated in a CM-related training measure. The majority of the surveyed businessmen had less than 50 employees (see Table 2).

### **5.3 'Typical' Characteristics of SMEs**

Except for the founding year, there were hardly any differences between both groups as far as company characteristics are concerned. The typical SME in our sample was a private limited company (Pte. Ltd.) in which 90% of the managers had stakes. External investors beyond the family circle were almost non-existent. The majority of the SMEs employed less than 50 employees. In almost two-thirds of all cases, the annual income in the reporting year was more than five (5) million Singapore dollars. Chinese-educated business folks had typically established their own enterprises in the mid 70s. The main activity, which accounted for almost a third of the enterprises, was manufacturing,

followed by trade or professional services. English-educated Chinese businessmen had typically established their firms in the early 80s. Main activities, comprising almost a third of the businesses, were professional service provision, followed by manufacturing and trade.

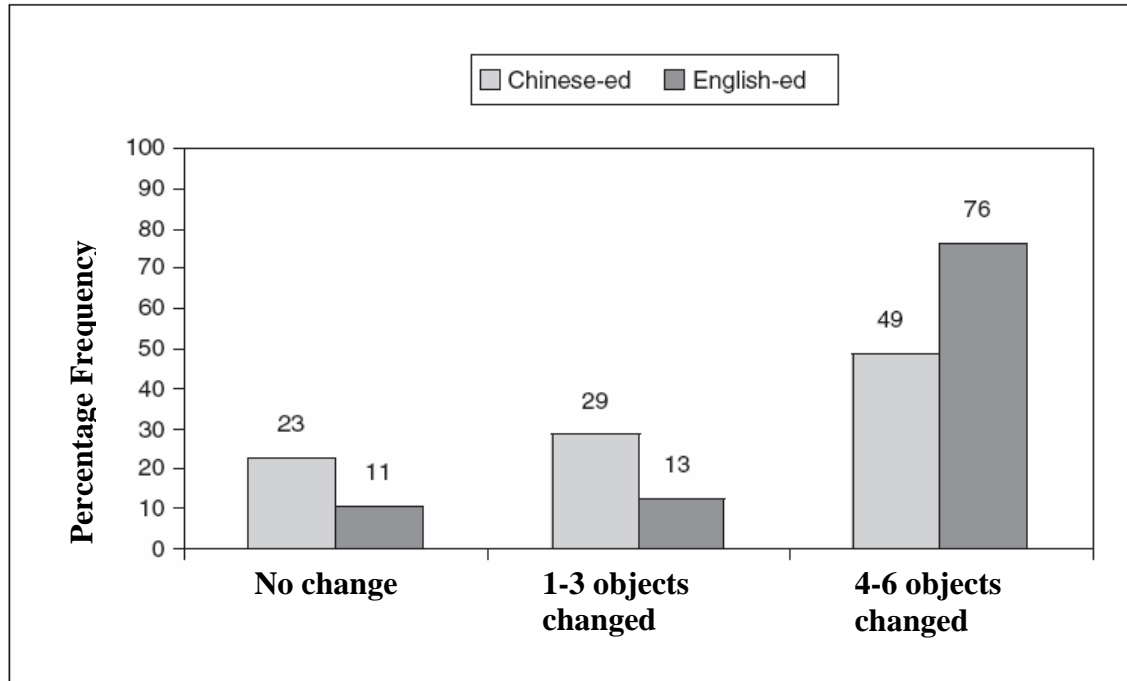
	Frequencies of selected independent variables	Frequencies of control variables for Chinese vs. English-educated owner-managers	
		Chin.-educated	Engl.-educated
<b>Chin. vs. Engl.-educated</b>	Chinese-educated: 40 % English-educated: 60 %		
<b>Age</b>	≤ 42 years: 49 % > 42 years: 51 %	≤ 42 years: 34 % > 42 years: 66 %	≤ 42 years: 60 % > 42 years: 40 %
<b>Educational Level</b>	Primary/secondary: 30 % Junior College/Uni: 70 %	Pr/Sec.: 40 % JC/Uni: 60 %	Pr/Sec: 20 % JC/Uni: 80 %
<b>CM-Training</b>	Participated: 20 % Not participated: 80 %	Yes: 20 % No: 80 %	Yes: 20 % No: 80 %
<b>Size of Enterprise</b>	≤ 50 employees: 75 % > 50 employees: 25 %	≤50 employees: 70 % >50 employees: 30 %	≤50 employees: 80 % >50 employees: 20 %

**Table 2: Frequencies of Selected Variables**

#### 5.4 Frequency Distribution for Initiation of Change

The data indicate that English-educated SME owner-managers initiate change more often than their Chinese-educated counterparts.

In total, 89% of the English-educated SME owner-managers had initiated change measures compared to 77% of the Chinese-educated ones. However, significant differences emerged only in terms of the quantity of initiated change initiatives: 76% of the English-educated SME owner-managers reported that they had implemented 4-6 change initiatives vis-à-vis 49% of their Chinese-educated counterparts (see Figure 4).



**Figure 4: Quantity of Change Measures initiated by Chinese vs. English-educated SME Owner-Managers**

### 5.5 Frequency Distribution for CM-Approach

With regard to the type of change, 19% of the Chinese-educated Chinese SME owner-managers and 10% of the English-educated ones stated that their change measures were of a reactive nature. The rest claimed that they had implemented proactive as well as reactive change management practices in anticipation of future prospects or risks.

About 60% of the Chinese-educated businessmen had embarked on a detailed planning exercise before the start of the implementation, compared to 70% of the English-educated respondents. 70% of the Chinese-educated SMEs had experienced little resistance, as compared to 63% of the English-educated ones.

Both groups rated the urgency of change as high (70%).

60% of the surveyed Chinese-educated businessmen assessed the nature of the change measures implemented as incremental vs. 40% who felt that it was radical in nature (the percentages were 80% and 20% for the English-educated subjects respectively).

Surprisingly, 74% of the Chinese-educated SME owner-managers stated that they had adopted a participatory leadership style and 80% of them felt that they had been successful in their change efforts (compared to 65% and 70% respectively of the English-educated business folks).

About 60% of the interviewed SME owner-managers in both groups felt that they had been successful in overcoming barriers to change.

## 5.6 People-Related Change Measures and Forces of Change

Almost 90% of the surveyed entrepreneurs in both groups reported that they had introduced between 7 and 9 people-related changes. The majority (70% in each group) initiated change measures such as *more intense consultation with employees, stronger participation of employees in decision-making and wage increases*. Other potential change measures such as the introduction of a stock option scheme and profit sharing, however, turned out to be irrelevant. There was one important difference between both groups: English-educated Chinese SME owner-managers felt very strongly that more consultation with employees is critical. As the survey data show they had implemented respective measures significantly more often (Cramer's  $V=0.3$ ;  $p=0.04$ ) than their Chinese-educated counterparts.

Both groups assessed the internal forces of change impacting upon their businesses as important and critical but showed pronounced differences with regard to the evaluation of the magnitude of external forces of change. Statistically significant differences, however, could not be established.

## 5.7 Key Results

### *H1: partially verified*

English-educated Chinese SME owner-managers turned out to be more active initiators of change measures compared to their Chinese-educated counterparts (Cramer's  $V=0.16$ ;  $p=0.13$ ) as they had implemented significantly more change measures (Cramer's  $V=0.29$ ;  $p=0.03$ ).

### *H2: partially verified*

People-related change measures initiated by both groups turned out to be quite similar in terms of quantity and type. However, English-educated managers perceived stronger consultation with employees as a critical change measure in contrast to Chinese-educated business folks (Cramer's  $V=0.3$ ;  $p=0.04$ ). While the surveyed managers viewed the impact of the internal forces of change on their businesses quite similarly, external forces of change were evaluated differently, especially with regard to the changing economic and trading conditions as well as distribution patterns. No important differences were found regarding the barriers to change and the degree of success in overcoming such hurdles.

### *H3: not supported*

Statistically relevant differences between both groups with regard to their respective CM approaches could not be established. Our change management data indicate that there is no empirical support for the argument that Chinese-educated Chinese SME owner-managers adhere to more 'traditional Chinese' management and organizational techniques while English-educated managers employ 'modern-western' ones.

## 5.8 Central Results for Demographic and Control Variables.

A strong (anticipated) relationship between age and the initiation of change measures could not be established. Regarding the CM approach, however, age mattered as older

managers in particular had developed a detailed plan before the implementation of the change measure (Cramer's  $V=0.35$ ,  $p \leq 0.01$ ). They also rated the urgency of change higher than younger businessmen. In addition, the more experienced businessmen stated that they were more successful in overcoming barriers to change compared to their younger counterparts.

There was also no significant correlation between the educational levels of the surveyed SME owner-managers and the initiation of change variable. With respect to the actual change measures implemented, however, the data analysis revealed that entrepreneurs with higher educational levels had more often initiated changes in the area of employees and their task performance than managers with lower educational levels. With regard to the CM approach, the survey showed that managers with lower educational levels had initiated a significantly higher extent of change measures in their organizations (Cramer's  $V=0.29$ ;  $p \leq 0.01$ ). The data also suggest that managers with higher educational levels exercise a more participatory style of change leadership.

As far as the relationship between the size of the enterprise and the initiation of change is concerned, managers of large enterprises turned out to be more active initiators of change measures than leaders of smaller firms. Moreover, there were differences concerning the actual change targets and initiatives implemented. In large enterprises, people-related change measures were more profound in contrast to smaller entities (Cramer's  $V=0.3$ ,  $p \leq 0.01$ ).

No statistically relevant relationship could be established between the participation in CM training and the initiation of change. However, there were significant relationships as far as the actual change targets and measures are concerned. Participants of CM training measures had initiated significantly more change measures with regard to organizational structures (Cramer's  $V=0.22$ ,  $p \leq 0.05$ ), systems and work processes (Cramer's  $V=0.24$ ,  $p \leq 0.05$ ) as well as employees and their task performance (Cramer's  $V=0.27$ ,  $p \leq 0.025$ ) than non-participants. A similar trend could be established with regard to technology-related change measures.

Up-to-date and clear-cut information, i.e. formal knowledge of CM, turned out to be very crucial for the chosen CM approach. Participation in CM training was related to almost all CM approach variables, except for urgency of change and extent of change. Participants of CM training measures had conducted significantly more change impact studies than non-participants (Cramer's  $V=0.29$ ,  $p \leq 0.01$ ). They were also significantly more successful in overcoming barriers to change (Cramer's  $V=0.32$ ,  $p \leq 0.01$ ). With regard to the nature and type of change initiatives, the study revealed that CM participants in particular had initiated proactive, anticipative change measures based on detailed plans and a more participatory change leadership style. Contrary to non-participants, they also experienced lesser barriers to change and claimed to be more successful in overcoming barriers to change.

## **6. Summary and Interpretation of Results**

The assumption that English-educated Chinese SME owner-managers are more likely to initiate change measures than Chinese-educated (H1) was partially verified. The same is true for H2, i.e. the assumption that there are differences between both groups with regard

to their CM approach. H3 in contrast, i.e. the assumption that potential differences between both groups with regard to their CM behavior can be traced back to their cultural specifics (e.g. in terms of their 'traditional Chinese' and/or more 'modern-western' managerial orientation) could not be ascertained. In fact, we found contradictory statistical trends and percentage differences for some variables, e.g. in form of Chinese-educated Chinese business leaders with surprisingly democratic change leadership styles. In other words, the two groups do differ with regard to their behavioral CM approaches as illustrated in Figure 5 and Figure 6 but these differences are not necessarily based on 'culture' as often assumed by local informants.

With regard to our research model, the results of the study can be summarized as follows: there is a relationship between the individual cognitive frame of reference of SME owner-managers and the initiation of change. The variable Chinese vs. English-educated does play a central role and more empirical research is required to examine its business implications. As far as the CM approach related variables are concerned, age and education turned out to be of significant importance (they mattered less in terms of the initiation of change). There were also close connections between the control variables and the initiation of change with company size playing a key role. Information and participation in CM training measures were closely related to all CM-approach related variables.

How can we explain that H3 was not supported? One reason might be the biased sample structure with regard to age (one-sided age distribution; 70% of the participants fell into the age group of 35 - 45 years of age), the high education and language proficiency of our respondents (many of the younger entrepreneurs sampled are probably bilingual due to the implementation of bilingualism in the education system a few years ago). Another possibility is that time contingencies may have reduced possible differences between both groups and that there is a convergence of styles.

Due to the significant relationship between the variable participation in CM training and the CM behavior of the survey participants as well as their different assessments of the external forces of change, we argue that the differentiation of Chinese vs. English-educated SMEs is less relevant as a result of an overriding ideology which influences their individual frames of reference. But it does matter when it comes to getting access to crucial information resources, depending on the dominant language used. In the context of change management and business, access to modern English business media, the integration in regional / global network relations and/or professional change management expertise from consultants are crucial. Further research is necessary to substantiate this argument. We opt for expanding the analytical range of Strategic Choice Theory in the area of CM by incorporating group-specific information gathering strategies and their effects.

## **7. Concluding Remarks**

Due to the lack of representative data and comparison opportunities with other research projects, our survey has the character of an explorative baseline study. A generalization of the results is not possible without further research. Our tentative conclusion is that there are differences in the CM-behavior of Chinese and English-educated Chinese business people in Singapore. In firms owned and managed by Chinese-educated business folks,

the type of change seems to be more reactive; the planning of change is at times rather unsystematic; the nature of change more incremental and the change leadership approach surprisingly participatory. But all these differences are less pronounced than commonly expected. Cultural specifics of the two groups play – at least statistically - no visible role in their CM-behavior. While the results contradict the perceptions of many local interviewees and businessmen, they are in line with the arguments of contemporary Chinese management researchers who have argued that culturally based explanations are insufficient in accounting for the business practices of ethnic Chinese entrepreneurs (Menkhoff 1998:253; Chan/Ng 2000 und 2001; Menkhoff and Gerke eds. 2002; Yao 2002; Yeung 2004). Our data emphasize the immense dynamics and rapid modernization of SMEs in Singapore.

Very important for a better understanding of sub-ethnic dimensions in the CM-behavior of Singapore's ethnic Chinese SMEs appears to be the role and meaning of information. The survey data suggest that both groups have different sources of retrieving information and that English-educated entrepreneurs possess an advantage over Chinese-educated businessmen through their relatively easier access to international media and networks. Therefore, future 'CM studies in the Chinese business world' that intend to utilize Child's strategic choice framework should expand the analytical scope beyond the cognitive reference framework of actors by examining structure and function of 'Chinese' information and knowledge management approaches (Menkhoff, Evers and Chay eds. 2005). China's rise and its implications for the competitive edge of Singapore's "new Chinese ground" (Straits Times 3/9/2005:S8) whether they are bilingual and passionate about Chinese culture or "fair-weather Chinese" (i.e. English speakers who are rediscovering their roots incl. Mandarin, often driven by economic motives) represent other interesting topics for future research.



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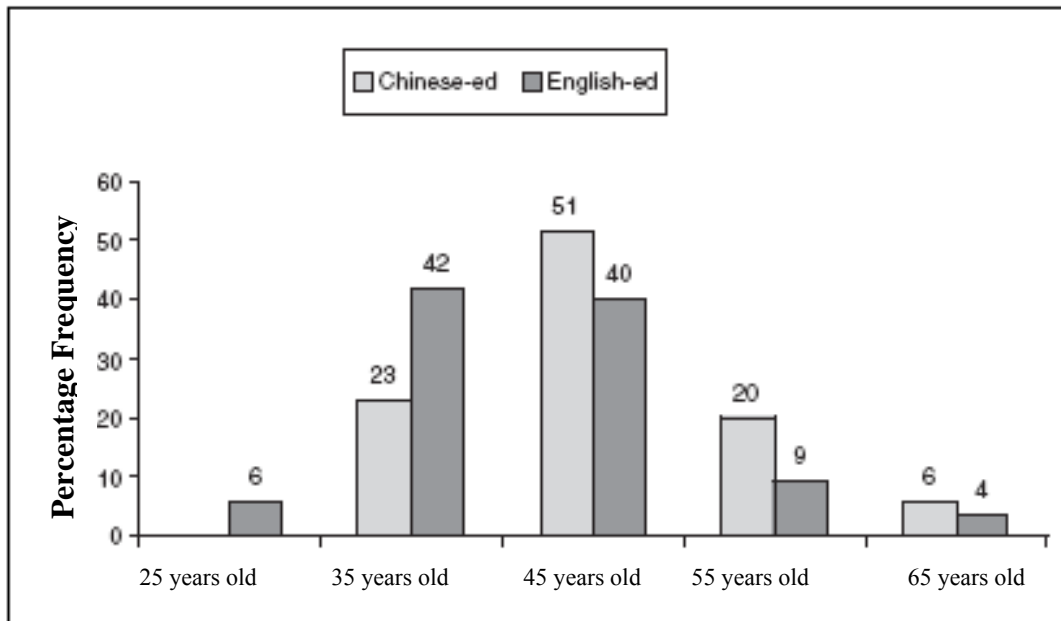
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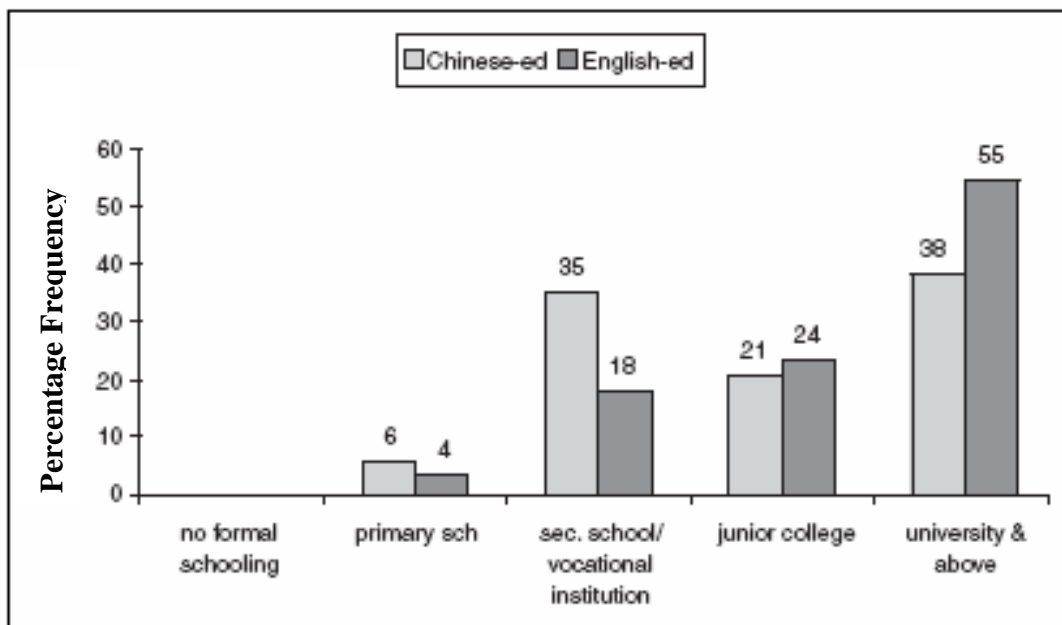
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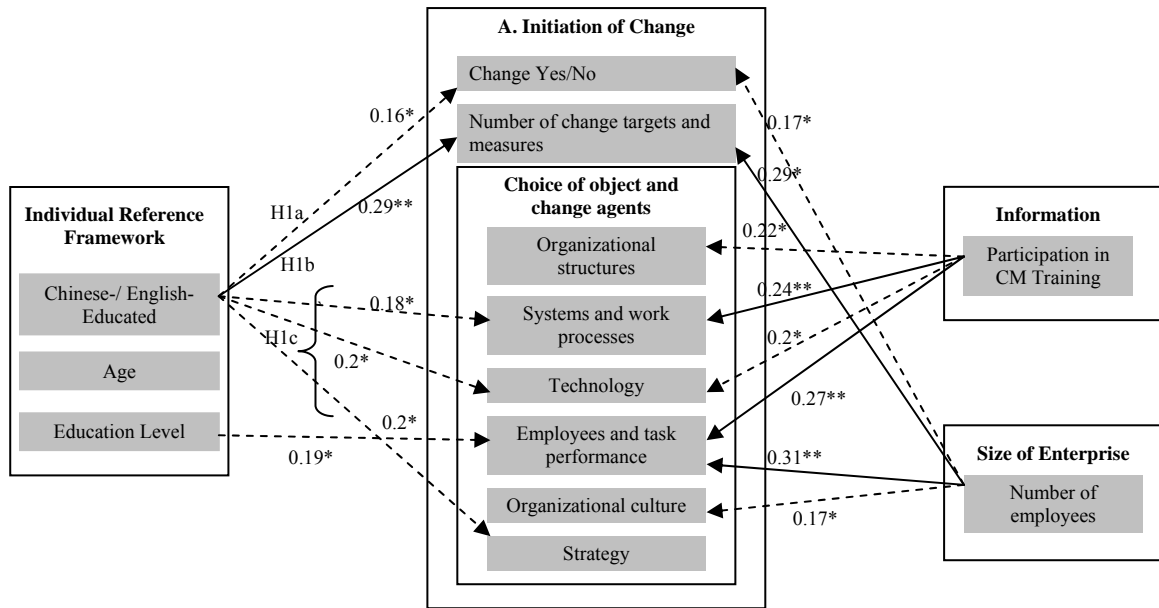
## Appendix



**Figure 2: Age Distribution of Chinese-educated and English-educated SME Owner-Managers**

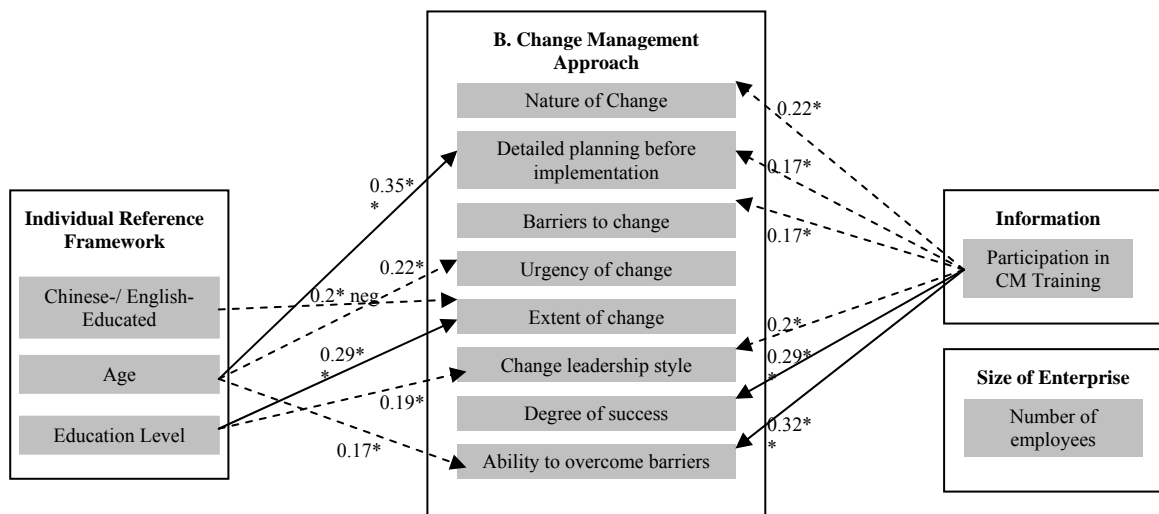


**Figure 3: Highest Attained Educational Qualification of Chinese- and English-educated Business Folks**



\*\*Cramer's V at a significance of  $p=0.05$ : A significant relationship of the variables is assumed.  
 \* Cramer's V at a significance of  $p=0.25$ : A trend is assumed due to the small sample size.

**Figure 5: Significant Relationships and Trends between Initiation of Change and Selected Variables**



\*\*Cramer's V at a significance level of  $p=0.05$ : A significant relationship of the variables is assumed.  
 \* Cramer's V at a significance level of  $p=0.25$ : A trend is assumed due to the small sample size.

**Figure 6: Significant Relationships and Trends between Change Management Approach and Selected Variables**