

## Global Tides

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Volume 13

Article 3

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4-11-2019

# Discussion on the Differences between U.S and Chinese Management Styles

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### Recommended Citation

Cunningham, Bazil (2019) "Discussion on the Differences between U.S and Chinese Management Styles," *Global Tides*: Vol. 13 , Article 3.

Available at: <https://digitalcommons.pepperdine.edu/globaltides/vol13/iss1/3>

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### **Introduction:**

In our increasingly globalized world, cultural sensitivity in conducting business in host countries has been expanding (Sanyal, 2001). What does culture refer to then? Culture refers to the, “complex whole which includes knowledge, belief, art, law, morals, custom, and any other capabilities and habits acquired by man as a member of society” (Tylor [23, p. 1]). Each nation is unique and possesses its own set of customs and regulations. It is not different in the business world. Each country has a unique routine in managing the everyday happenings of a corporation.

Logically, navigating these differences in management style are paramount and relate directly to term called “cultural savviness”. The term refers to a situation in which, “managers having a working knowledge of the cultural variables affecting management decisions” (Ricks, 1983). A cultural savvy manager will be able to address differences in culture and minimize confusion and strife in the workplace. Furthermore, international managers that possess this skill can benefit tremendously from understanding the nature and variables of a specific culture and how these variables influence the organizational processes of a corporation. Research suggests that cultural awareness can greatly improve the international success of an organization. Cultural awareness enables companies to, “develop appropriate policies and determine how to plan, organize, and control in a specific international organization” (Francesco and Gold, 2005; Hofstede, 1980; Joinson, 1998; Khatri, 2009). In our case, a synthesis of both cultures can lead to greater cultural sensitivity and awareness, as well as efficiency and productivity.

### **Literature Review:**

A review of the literature available in this field yields an interesting conclusion. There are numerous leadership traits and styles, but no one leadership style or paradigm has been established. Additionally, effective leadership occurs when the culture and the leader are in correlation in with one another. Leadership is unique and should adapt correspondingly to whatever environment is present. Furthermore, effective leaders should be able to, “establish trust in the public at large,” (Kelley & Anderson, 2006) and “build consensus among colleagues and followers inside and outside the organization” (Maak & Pless, 2006). Therefore, effective leadership requires training, and this training is culturally based. Despite the unique nature of each management style, one might wonder if elements of both styles could coexist with one another. (e.g., Connor, Min, & Iyengar, 2013).

The potential of this cross-cultural collaboration is mind-boggling, considering the synthesis of both management styles could bridge cultural and societal gaps between the U.S and China. Older research has shown that there is no, “possible convergence between the two models (e.g., Jogulu, 2010; Chen & Lee, 2008; Conte & Novello, 2008; Gutierrez, Spencer, & Zhu, 2012; Vilkinas, Shen, & Cartan, 2009; Weldon &

Chow, 2005) that could produce a holistic concept of leadership”. However, this statement is becoming less and less valid in our increasingly globalized world. Cultures are becoming increasingly intertwined and therefore, management styles are no different. Despite the negative forecast depicted by this research, there is still hope for a proper synthesis of U.S. and China Management culture since one culture is not explicitly superior to another. This, after all, is the primary focus of this paper and will be explored in detail in the following pages of analysis and argumentation, ultimately culminating in the discovery of a logical conclusion.

### **Introduction to Chinese Management style:**

A vital component to Chinese Management culture is the observation and reverence of hierarchical values. From the perspective of the Chinese, the West’s ignorance of this principle has led to increasing moral degradation and increasing focus on the individual. Moreover, Chinese Management culture is characterized by a senior member in control that gives instructions that are expected to be fully carried out by employees. The manager typically serves as a fatherly figure who demands loyalty, respect, and dedication from colleagues and employees. In return, employees can expect managers to possess a sincere interest in the well-being and development of their employees. The relationship is mutually beneficial and is grounded on mutual respect, trust, and motivation to achieve the goals of the company. Employees in subordinate positions are expected to fulfill said instructions with no dissent or opposition. Any and every rebuttal to the managers word shows disrespect and will evoke immediate loss of face or 丢脸.

### **Qualitative Analysis in the Form of Interviews with Chinese Managers:**

Interviews with Chinese managers yield a similar conclusion while also revealing a few other important characteristics of Chinese Managerial culture. Mrs. Han, the director of a Chinese company, stresses the importance of “harmony” and balancing cultural differences between individuals in the workplace. Additionally, she states that there is little room for individual heroism in Chinese Management culture, a sentiment that is unsurprising given the Confucian collectivist origins of Chinese society. Finally, Mrs. Han provides a statement that accurately describes the differences between U.S and Chinese Management culture, “I think in a local US company, employees are given more autonomy than in a Chinese company.” This statement is in alignment with U.S Management style and directly contradicts the restrictive nature of corporate culture in Chinese society.

Mrs. Hu, the marketing director of a Chinese company, provides even greater context and information regarding the characteristics of Chinese Management culture. She cites *The Analects of Confucius* as a central element of management culture. The ancient text is written by Confucius and functions as, “the most famous

book for Chinese management. It teaches us to know humanity and improve ourselves better.” Once again, this is unsurprising given China’s Confucian traditions that have been passed down through generations. The concepts of a distinct social hierarchy and the importance of power and respect in the workplace discussed above directly stem from Confucian doctrine and can be found in the *Analects of Confucius*. Echoing the importance of reverence to one’s superiors in the workplace, Mrs. Hu provides candid advice for potential employees interested in working in a Chinese firm. She states, “I think respect to our local culture is necessary to work inside a Chinese company”, a viewpoint that is not dissimilar from Mrs. Han’s perspective and the analysis presented above. A synthesis of these observations and beliefs reveals that Chinese Management culture is greatly dependent upon a strict social hierarchy with little room for individual flexibility. Respect, reverence, and dedication are key characteristics. Maintaining relationships and harmony among employees and managers is vital and ultimately crucial to the overall success and productivity of the company.

#### **Introduction to American Management Style:**

Meanwhile, American Management culture is vastly divergent from that of China. American managers tend to be very individualistic and claim greater accountability for the decisions made in their jurisdiction. Unlike Chinese culture, American Management is characterized by a barrage of confusing and seemingly important job descriptions and titles. This is done to give more and more candidates an opportunity to vie for a position. In contrast to Chinese culture, titles and job descriptions are faulty reflections of the importance of that individual in a company. Of course, importance is linked to power, but due to America’s adherence to corporate democracy, power is relative. In other words, when compared to another individual, someone may have less or more power and influence within the company. This leads to greater competition within a company as skilled and qualified candidates all battle to obtain the most powerful and domineering position within the company. Seemingly built on power struggles and reputation, a US perspective may be less valuable around the world.

#### **Qualitative Analysis in the Form of Interviews with U.S Managers:**

Interviews with U.S managers seem to directly correlate with the information presented above. According to Mr. Reeves, a Petroleum Engineering manager, a sizeable number of projects are based less on establishing relationships and more on getting the operation or venture completed as soon as possible. The phrase, “it’s just business, it’s not personal” reflects this concept and showcases the importance of focusing on business rather than cultivating relationships in American Management culture. Also, due to Mr. Reeves’ experience working in Asia, he notes the

importance of individualism as opposed to collectivism in American society. He states, “Individuals act in their own best interest and less in the interest of the company. Although most employees would like the company to succeed, they are more focused on their own salaries, reputations, and amount of prestige within the company”. This statement is powerful and represents yet another distinct difference from Chinese Management culture.

Mr. Ward, a U.S manager that has experience in both China and the U.S, highlights the importance of one key difference between Chinese and U.S Management culture. The importance of individual freedom and therefore responsibility cannot be stressed enough. From Mr. Ward’s combined experiences in China and the U.S., he has concluded that the system of the U.S, “adheres to a purely bureaucratic and formal organizational structure with specific, defined lines of individual responsibility and accountability”.

**Argument:**

Now that a thorough analysis of both management styles has been conducted, it is time to form an argument as to whether one style is better than the other. Truthfully, neither style is more ‘efficient’ or ‘effective’ than the other. Each style is subjective based upon the needs, desires, organizational structure, and belief systems of each society. Furthermore, there is little research that proposes that one management paradigm or system is unequivocally superior to another. Nonetheless, there is research that supports the synthesis of both styles and the adoption of characteristics from one style to the other.

Researchers believe that Western and Chinese managers can mutually learn and benefit from one another. Specifically, for Western managers, the following implementation is recommended, “Extrapolating from the current state of leadership principles, we suggest that Western leadership principles will increasingly apply humanistic concepts that reflect Chinese philosophies, even though the basis will not be the complete Confucian philosophy” (Fenby, 2006; Gallo, 2008; Gelbras, 2008; McGregor, 2010). This is unsurprising given the context established above regarding the importance of Confucian doctrine in Chinese culture. Furthermore, providing advice for both Western and Chinese managers, researchers assert that, “Western leadership models could benefit from increased emphasis on humanistic factors and reduced prioritization of rationality, while Chinese leadership concepts can be expected to increasingly emphasize “scientific management,” including innovation” (King and Zhang, pg. 13).

The recommendations provided by researchers are valid as they help to smoothen out the inherent weaknesses of both styles. Since it has already been established that there is not an unequivocally better style of management and that synthesis between

the two styles is indeed possible, it is only a matter of time before convergence becomes reality. Convergence of both styles will allow for greater productivity and efficiency across the board. Analysts remain positive, optimistic, and assert that if, “...western leaders have incorporated Chinese principles and Chinese leaders have adopted Western management tools, their respective operational effectiveness and efficiency will likely improve” (King and Zhang, pg. 11).

**Rebuttal:**

Although the validity and likelihood of the argument has been proven, opposition and doubt are still likely to surface. Some will maintain that these two styles are inherently incompatible, while another will vehemently protest that one style is superior to the other. Regardless, these claims are based on fear and do not acknowledge the current state of the world. The world has become increasingly globalized, with the spread of technology, information, and culture taking place at an unprecedented rate. Managers are becoming more and more aware of their competitors from around the world and in the interest of maintaining their competitive edge, they are willing to adopt whatever means necessary to achieve supremacy. Theoretically, the two theories are incompatible but, anything is possible. If the adoption of policies from another management style will greatly benefit the success and efficiency of the company, then there should not be any opposition. After all, Chinese Management culture and U.S Management culture to a lesser extent both value the long-term success of the company. Therefore, convergence between the two styles is a viable option and can take place if and only if both sides remain open and receptive to one another. This type of mutually beneficial relationship effectively nullifies any fears or doubts and further strengthens the ideal that both styles can coexist in harmony.

**Conclusion:**

In conclusion, both management styles are quite unique. They each emphasize various aspects of their respective cultures. Chinese managers value a collective mindset, a strict Confucian social hierarchy, and the cultivation and attendance to relationships in the workplace. In contrast, U.S managers value the successful completion of business ventures as opposed to cultivating relationships. U.S. managers typically prefer an individualistic approach and U.S. management culture is more sensitive to power struggles and the relative power of employees and positions within the company.

Initially, researchers declared that convergence and co-existence between these two styles was a proposition only left to the imagination. Nevertheless, thanks to the changing nature of the world, convergence appears more and more likely. Analysts agree that both styles could learn from each other, mutually benefit from each other,

and strengthen areas of weakness in both styles. Cynics and opponents to this premise refute the idea of convergence and assert that one style is inherently superior. Yet, researchers have debunked this theory and believe that little to no evidence gives credence to this claim. In the end, culture is a powerful force. It shapes and adds structure to the organizational processes and happenings of everyday life. The findings of the paper assert that although the fundamental elements of a culture cannot be altered, the culture can adapt and converge with another culture if and only if the relationship is founded on mutual respect and agreement.