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A PORTRAIT OF CHINESE ENTERPRISE THROUGH THE LENS OF ORGANIZATIONAL CULTURE

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ABSTRACT

By adopting a cultural perspective of organizations, and more specifically, using the structural model of culture as a framework, this investigation attempts to discover the underlying structure of reality in mainland Chinese organizations. This study proposes that at the heart of Chinese organizational culture lie three dominant assumptions, namely "the ever hostile environment", "social reality in hierarchical order", and the "self-seeking human being", which relate to the environment, group, and individual respectively. This triad of assumptions not only animates Chinese organizational culture but also constitutes a unifying thread connecting the different components of this culture. The outward manifestations of this mix of organizational assumptions can best be depicted as a clash of two cultural elitist forces – power and role culture. While power culture is characterized by bonds of personal patronage, personal connections, and displays of personal authority and subservience, role culture emphasizes institutional authority, the rule of law, and meritocracy. The former is presently in command of organizational leadership while the latter has emerged principally as a response to the excesses of the former. Interestingly, although the two cultures are supported by two different sets of values, they rest on a common set of organizational assumptions.

INTRODUCTION

Following the launch of its open-door policy and economic reform in 1978, and an illusory lure of the world's largest consumer market, the interest in mainland Chinese enterprises has never been so intense (Li, Tsui & Wheadon, 2000). Unfortunately, as in most analyses of transitional economies, analysts are content to have the terms of the debate defined by economics (Gurthrie, 1999). As for organizational studies reported so far, the incoherent picture emerging from them brings more confusion than clarity. For example, Gurthrie (1999) observes that Chinese enterprises are right on track to embrace a rational-legal model but Lee (1999) suggests that they are on a course to becoming a form of "disorganized despotism". Boisot and Child (1996) on the other hand, recommend that Chinese enterprises should adopt and adhere more closely to the principles of bureaucracy should they wish to become competent peers of some of the successful modern organizations but the efforts of organizational reform in mainland China have been all along directed at simplifying the bureaucratic webs (Li, 1999). The scenario painted so far begs the question of what is actually going on.

This study attempts to bring some degree of clarity to the situation by sketching a portrait of Chinese organization through the aid of organizational culture. This is because there has not been any systematic study of Chinese organizational culture though some analysts had suggested that China should overcome some of her "cultural constraints" if she wishes to make enterprise reform effective and sustainable (Wang, 1996; Wang, 1998). This is rather unfortunate considering the fact that China is presently going through a crucial period of enterprise reform (Child, 2000) and a good grasp of the underlying assumptions of an organizational culture is important to the success of enterprise reform initiative (Wilkins & Dyer, 1988; Schein, 1992). Using culture as a point of departure, this study will attempt to contribute to the discourse on the reform of Chinese economic enterprises during the present transitional period in China. This article is divided into four parts. The framework for this study is described in the first part. The second part will explain how this study was carried out while the findings will be presented in the part that follows. The last part of this article will briefly discuss the implications of this study.

ORGANIZATIONAL CULTURE

In deciding a school of thought within the culture debate to be employed for this analysis, two primary factors have been taken into consideration, namely the advances that have already occurred in the area of organizational culture with respect to organizations based in mainland China and the evaluation that has been made on various schools of thought in the culture debate¹.

Corporate culture as a topic found its way into Chinese textbooks on management and organizational behaviour in the mid 80s. Its entry into the discourse of enterprise managers and political leaders was largely motivated by the nation's attempt to emulate the Japanese industrial model, and corporate culture was credited to be the centre piece of that model (Xu et al., 1994; Chan, 1996). However, discussion of this subject was then confined to business enterprises in the Chinese context and hardly any mention was made about culture in government organizations. Nevertheless, a small achievement was made in this field when the idea of "corporate identity" was accepted with great fervour in the mid 90s (Lei et al., 1994; Wu et al., 1995; Yuan et al., 1995).

Largely in response to the inadequacy of "corporate identity" as a vehicle to understand organizations and more importantly, as an agent of organizational change, another "generation" of publications emerged in China on corporate culture subsequently (Liu, 1998; Xu et al., 1994). Writing from the perspective of culture as a variable, this set of publications elaborates mostly on the behavioural norms of the organizational members and how enterprise, through its managers, can manage cultural change in order to increase its competitiveness. Apart from alluding vaguely to the notion that one's thoughts could influence one's actions, no analyst dared walk into the zone of values, ideology and philosophy since that could be misconstrued as a challenge to the ideology of the ruling

party. Various writings in English on the same subject have taken the form of comparative management research or cross cultural management in which culture is treated as an independent variable (Hofstede, 1991; Trompenaars, 1993; Ralston et al., 1997) or as an internal variable in contingency theory framework (Lockett, 1988; Boisot & Child, 1996; Chen, 1995). Mention should also be made of a few titles written from a simplistic cultural perspective whose target readership is non-Chinese wishing to know more about how to deal with the Chinese in various business activities (Wang et al., 1998). The brief review above indicates that there is a lack of analysis of Chinese organizations using the framework of "organization as a culture".

In this study, the organization as a purposeful social system and more specifically, the structural model of culture proposed by Schein (1985, 1992), is adopted as a framework to analyze organizational culture. The choice is made not only on the basis of it having received less criticism (Alvesson & Berg, 1992) and the fact that it has been operationalized before (Schein, 1996; Schultz, 1994; Philips, 1990), but also because of its ability to integrate a number of perspectives in cultural studies (Kong, 2000). In this endeavour, the term "organizational culture" is taken as: "A pattern of shared basic assumptions – invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration – that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems." (Schein, 1985). Schein maintains that culture has to be examined at the level of deeply held basic assumptions that members of a group share, and they are historically established structures, stored in the organizational members' almost unconscious realm, and which offer direction and meaning for man's relations with nature, with reality and in human relationships, while the artifacts are regarded as materialized expressions of the values and basic assumptions. Schein proposes that the structure of organizational culture could best be thought of as consisting of different layers, as represented in Figure 1.

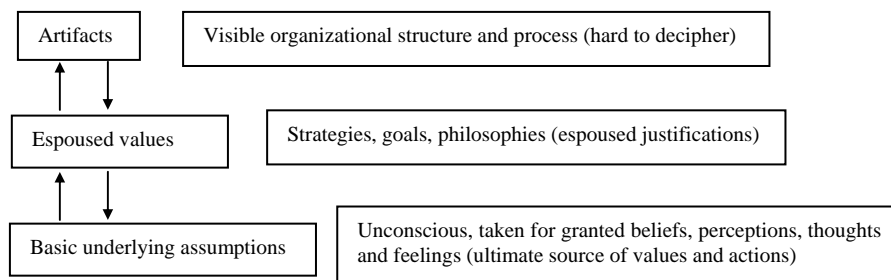


Figure 1. Structural model of culture indicating different levels of culture

Source: Schein, 1992: 17.

The framework of this study will be guided by the following factors. Firstly, the phenomenon that will form the object of this investigation is "culture" itself. It should also

be clarified that other phenomena in culture research, such as climate, ideology, symbols, identity, and images classified in the literature (Alvesson & Berg, 1992) are not the main object of this investigation, although this study will occasionally draw upon them as complementary tools. It also ought to be reiterated that the phenomenon of "organization" itself is to be treated as "culture" and that culture refers to the deep structure of an organization, which is rooted in the assumptions held by its members. In order to understand the underlying assumptions, which is the primary objective of this study, both the values and artifacts of the structural model of culture will need to be examined.

Secondly, organization is not to be framed as a unique and idiosyncratic cultural pattern, although certain outward manifestations of culture may be idiosyncratic in nature. This study is premised upon the fact that there is a commonality of subtle patterns of culture across organizations in a particular region, defined either by geography or general societal culture (APO, 1994). It should also be pointed out that the analysis of this study is to be carried out at the level of organization.

Thirdly, organizational culture is not independent of the culture-producing forces external to organizations. Furthermore, some of the variations within organizations can often be explained by similar variations on the societal level (Alvesson, 1993). Therefore, instead of conceptualizing organization as a "cultural island" or a "mini society", it is far more useful to define organizational culture as a nexus where broader, societal dimensions of culture converge (Meyerson & Martin, 1987).

Fourthly, organization, depending on its own dynamics, can be looked at from a cultural perspective, as a single group or a composition of multiple groups. The position adopted here is that each group² can be seen as a coherent cultural whole (Schein, 1992).

Fifthly, Kluckhohn and Strodtbeck (1961) propose that people's assumptions are tacit premises which are related to the nature of truth, time, space, human nature, and human relationships. Because this set of assumptions represents basic dimensions, it could also be used as a common standard in cross-organizational analysis. What is proposed here is that organizational assumptions should be and could be reduced to one or more of the basic or fundamental assumptions. For example, while an organizational assumption "we are at the centre" by itself could prove difficult as a common standard for comparison in organizational analysis, it becomes easier if we consider this assumption in terms of those fundamental dimensions such as human nature, human relations and the nature of truth. For the purpose of clarity, a distinction between organizational and fundamental assumptions will be made from this point onward. The former refers to a set of assumptions that an organization develops as it negotiates the questions of external adaptation and internal integration (Schein, 1992), while the latter is a set of basic assumptions which provides the original motivating impulse in the creation of the former and it includes such assumptions as human nature, the nature of human relationships, activity orientation, and so on, which are normally given significant attention in the study

of national or societal cultures. The former and the latter should be regarded as having a mutually interactive relationship. A summary of the common categories of fundamental assumptions is presented in Table 1.

TABLE 1
COMMON CATEGORIES OF FUNDAMENTAL ASSUMPTIONS

Dimensions	Variations		
Nature of human nature	Good	Mixed	Bad
(Mutability of human nature)	Fixed human nature		Mutable human nature
Activity orientation	Being	Being-in-becoming	Doing
Nature of reality and truth	Moralistic authoritative	Mixed	Pragmatic
Time orientation	Past	Present	Future
(Time unit)	Long time unit	Medium time unit	Short time unit
Nature of human relationships	Groupism		Individualism
(Leadership style)	Authoritarian/paternalistic		Collegial/participative
(Status based on ascription or merit)	Status based on ascription		Status based on merit
(Task or relationship oriented)	Primarily relationship-oriented		Primarily task-oriented

Sources: Kluckhohn & Strodtbeck, 1961; Schein, 1992; Dyer, 1986.

OBJECTIVE OF STUDY

By adopting the perspective that "organization is culture", this study attempts to differentiate itself from other previous studies on Chinese organizational culture which invariably takes the view of "culture as an organizational variable". What this study hopes to achieve is to participate in a process of hypothesis generation rather than hypothesis-verification. A modest aim is to address the following questions with the hope that the answers will be able to offer some hints as to the process of enterprise reform in mainland China. These questions are:

- a. What are the dominating organizational assumptions and patterns animating organizational culture in mainland China today? Where do the fundamental assumptions of the Chinese organizations fit in the framework proposed in Table 1?

- b. In what ways and through what kind of instruments are the assumptions manifesting themselves as artifacts of organizations? In examining the artifacts, special attention will be paid to control, organizational design, design of jobs, motivation, decision-making, horizontal relationships and vertical relationships. Attention will also be paid to the espoused justifications of the members of such organizations.

METHODOLOGY

In order to choose a methodology which would help to uncover the underlying assumptions of an organization, the criteria proposed by Sackmann (1991) and Schein (1992) were taken into consideration. In the beginning phase of data gathering "iterative interview" (Schein, 1985, 1987, 1992) was used. This methodology consists of several research phases moving from a first stage of inductive inquiry to the formulation and examination of hypotheses that are based on the results of the initial data gathering and analysis. However, after this method was attempted with two organizations, data gathering by way of interviews had to be modified in favour of another method which would allow the respondents to offer information without any reservation. This involves collecting data through participating in the employees' recreational activities, principally by participating in their discussion about their work life. The data collection phase was carried out over a period of one year³.

Research Site

In order to minimize the influence originating from geographically-based and industry-related factors, this research was carried out in one city and the organizations chosen were confined to only one industry. Six hotels⁴ in a Special Economic Zone (SEZ) in the People's Republic of China were selected for three reasons. Firstly, the question of accessibility, which can be very difficult at times in mainland China, could be resolved relatively easily in this case since a sizeable number of hotel employees were participants in the training classes of this researcher held in the SEZ. Secondly, they have been in operation for no less than 5 years⁵. Thirdly, all the major hotels located in this city can serve as a good window into life within a very interesting generation of Chinese organizations. They are not the state-owned enterprises behaving like a "total institution" (Shenkar, 1996), nor the *danwei* that were used as a vehicle by the ruling regime to control the population by creating a "culture of dependency" (Walder, 1986). At the same time, in terms of ownership, they are not from the family of Chinese-owned private enterprises. They could be given different labels, but one thing is certain – they are all off-springs of some government institutions. It is no exaggeration to say that they represent some of the indigenous Chinese organizations created originally by different agencies of the state, and trying to adapt to the quasi-market dynamics in the present Chinese transitional economy.

Respondents

Information provided by a total of 46 respondents formed the basis of this analysis. Apart from three top-level management personnel, the rest is divided more or less equally among the rank of operation workers, first line managers and middle managers. A little more than half are females and the majority (70%) of them are under 30 years of age, and only about 10% have not completed high school. Approximately half of them have served in their current companies for more than three years. As for their ethnic origin, almost all of them are Han Chinese with about half of them from the Guangdong province and the rest from all over China, except Tibet.

Data Collection

In the interactions with the respondents, the following items were given special attention:

- (i) Surprises and paradoxes;
- (ii) Terms and expressions that members of an organization used regularly and consistently;
- (iii) Stories circulating among the rank and file;
- (iv) Recurrent topics of conversation among colleagues of the same department with a very friendly relationship; with a formal relationship; with new colleagues; with superiors; with workers from other departments; with strangers such as this researcher;
- (v) Matters that people become emotional about;
- (vi) Their daily routines. Their verbal accounts were not as useful as occasionally following them around, especially on those occasions without prior formal arrangement;
- (vii) Company publications such as company yearbook, brochures, and company handbooks; and
- (viii) In interviews, the interviewees were asked to reconstruct critical incidences⁶ around the issue of enterprise reform. A "modified ethnographic interview" guide⁷ was designed to reveal the fundamental assumptions of organizations.

The conversations and interviews were all done in Chinese (Cantonese and Putonghua), and they were translated into English as field notes. To ensure the validity of verbal accounts, they were compared with data collected from other sources such as those from observations, as well as other individuals who spoke of the same subject. This procedure was necessary as the respondents might choose to reveal what was desirable rather than the actual situation, or choose to conceal one kind of information but overly emphasize other kinds. By constantly comparing and contrasting data from different sources, converging themes as well as discrepancies were identified at the same time. Information that appeared to suggest some pattern or theme was transferred to other documents. If similar ideas or observations were expressed in subsequent "meetings", they were marked,

compared and contrasted with earlier ones. In the case of discrepancies, they were normally taken up in subsequent meetings to probe for more information so that a better understanding of the nature of the discrepancies could be obtained.

Analysis

Thematic content analysis was made to ascertain the possibility of grouping the collection of assumptions into different categories or to ascertain the interconnectedness of these assumptions. The goal of this exercise was to derive a set of assumptions that could explain as much as possible the artifacts of the organization. It ought to be pointed out that the analysis was done at the organizational level. Although the accounts and justifications were given by different individuals, they represented the observations, perceptions and beliefs of the organizations of the respondents as a microcosm of the macrocosm.

Validating the Assumptions Set

After an assumption set was initially derived, some members of the organization were asked to determine whether it met with their agreement in the sense that it could help to explain their organizational behaviors. Two persons from each hotel were approached to help with this task. The meetings went over with the respondents the artifacts and their justifications for them in order to confirm that an accurate account of what happened at their workplace had been recorded. Having done that, inconsistencies and paradoxes between their justifications and behaviours were highlighted, with the assumptions then proposed to explain the discrepancies. The proposed assumption set was further validated in a national conference⁸ in which it was debated upon in small group discussions.

FINDINGS

What follows next is a summary of the findings as presented in Table 2. It is a portrait of Chinese organizational culture sketched at three levels – from the abstract and intangible to the concrete and tangible. The organizational assumptions identified in this Table serve collectively as the soul of an organization because, as a coherent whole, they animate the organization and unite different parts of an organization into a "complete entity" that makes sense to members of the organization. At the same time, each of the organizational assumptions consists of or, more appropriately, relates to, a few fundamental assumptions. This study tentatively affirms that there are three core organizational assumptions that are responsible for the entire organizational architecture. From the assumptions triad uncovered, a total of ten fundamental assumptions are deduced. It ought to be stated that this set of ten assumptions is by no means exhaustive. It is also incorrect to propose that a particular fundamental assumption is only linked to a particular organizational assumption. Rather, it is more appropriate to suggest that the organizational assumptions mix is jointly responsible for all the ten fundamental assumptions, and vice versa.

At the next level of the structural model of culture we adopted for this study, stands the espoused justification. The espoused justification, value, ideology or philosophy is what members of the organization use to rationalize their behaviour. It is an explanation of "what things ought to be". At the same time it helps to further confirm "what things are", that is, the underlying set of assumptions. What are written in the third column are by no means the only justifications in the organization. These are only a sample chosen to demonstrate the existence of two kinds of value in the organization. Meanwhile, as expected, there are discrepancies between the espoused justification or value and the outward behaviour of the organization, but the latter category is always compatible with the assumptions of the organization. This is because, in the ultimate analysis, artifacts of an organization are sustained by the underlying assumptions. It ought to be noted that the way organizational assumptions, fundamental assumptions, and values and artifacts are arranged in Table 2 does not indicate that those items on the same row share a "cause and effect" relationship. Life in an organization, even in a supposedly regimented society, is much more dynamic and organic than a simple, mechanistic and linear deterministic relationship. Another point to bear in mind is that the assumptions triad uncovered here represents only the core assumptions that shape and sustain life in an organization. It is beyond the scope of this study to examine other categories of assumptions such as those related to family and social life, life as a citizen, as well as the relationship of these assumptions with the organizational assumptions uncovered in this study. Further explanation of each level of the portrait shown above will follow next.

THE ASSUMPTIONS TRIAD

These three core assumptions relate to the environment, the individual and group respectively. They do not exist in strict isolation but are in a mutual interactive relationship with each other. Indeed, there is a degree of artificiality in subdividing any topic as complex as this, and each not only contains elements of the others but actually influences components in them. Their separation is thus for the convenience of this analysis rather than a reflection of their independence in reality. The three underlying assumptions – "the ever hostile world", "self-seeking individual" and "hierarchical social reality" - that are themselves intertwined shall now be further elaborated.

The Ever Hostile World

The struggle for survival and the survival of the fittest are the twin social theories to which the Chinese respondents faithfully adhere. This social Darwinian theory which prescribes survival of the fittest is instilled into its believers as an important part of their socialization process.

TABLE 2
A PORTRAIT OF CHINESE ORGANIZATIONAL CULTURE

Organizational assumptions	Fundamental assumptions	Espoused values/justifications	Artifacts (as in seven organizational variables)
<i>A hostile world</i>	Human activity is reactive in nature in order to survive.	<ul style="list-style-type: none"> - Rules are written by the ruler, hence it will benefit the ruler more. - Rules and procedures will bring about orderliness. 	<p>Managerial control: Tight internal control by direct human supervision, often on an arbitrary basis, with an internal focus.</p> <p>Organizational design: Hierarchical, highly centralized, rigid; departmentalism; aspires to establish a rational-legal framework.</p>
	<p>A hostile environment already determines the structure of reality, it therefore cannot be changed by the organization.</p> <p>Aspire to establish work relationship that is task and relationship oriented.</p>	<ul style="list-style-type: none"> - Life is about a game of the strong dominating the weak. - We have to accept the fact that people will always be different in terms of ability and talent. - Let's just carry on with our work and don't try so many new things - We either try to change or perish at the hands of our competitors. 	
<i>Self-seeking individuals</i>	Human beings cannot be trusted and they tend to be self-interested.	<ul style="list-style-type: none"> - Individuals are merely "hands" of persons at higher hierarchical levels. - Individuals are "employees" whose time and energy are purchased through contract. 	<p>Job design: stress rule- or procedure-compliance; superior-centred rather than customer-centred; event-oriented, rather than process-oriented.</p>
	Not everything about human beings is fixed but not everything can be changed either.	<ul style="list-style-type: none"> - People need a sense of crisis to feel motivated. - When you have an equitable and just system, people will develop discipline at work. 	
	Espoused groupism but individual interest comes first.	<ul style="list-style-type: none"> - Do whatever you want to do now for the opportunity might not come again. - We have to strive for a system that is run according to rules whereby every competent person will have his or her share in the future. 	
	Authoritarian/paternalistic leadership style.	<ul style="list-style-type: none"> - People should be directed by other people in positions of authority. - People should be directed by the systems, rules, and procedures. 	<p>Motivation: "carrot and stick" approach or personal loyalty; short-term orientation; "quick fix" and quick material benefit is important.</p>
	Dominant mode of status by ascription being challenged by status based on merit.	<ul style="list-style-type: none"> - It is sufficient just to do the minimum in order to get by. - Pay should be tied to performance. 	

Continued on next page

TABLE 2. (Continued)

Organizational assumptions	Fundamental assumptions	Espoused values/justifications	Artifacts (as in seven organizational variables)
<i>Hierarchical social reality</i>	<p>Nature of truth: dominant mode of moralistic authoritative is challenged by the pragmatic approach.</p> <p>Present orientation, short time unit.</p>	<ul style="list-style-type: none"> - The superior knows better what is good for the subordinates and hence, should decide for the subordinates. - Any one can contribute towards decision-making. The most important criterion is that it works. - Some people are just luckier than others. - Meritocracy and equity will bring about motivation. - With close friends there are different rules of the game. - Relationships between different individuals and different departments should be characterized by fair competition. - With position, comes power, status and privilege. - Leader must be a role model, benevolent and decisive while subordinates must be compliant and obedient. - Be united under the leadership and do not make waves. - When there is a strategy, there is always a counter strategy carried out by the subordinates. 	<p>Decision-making: highly centralized; little involvement by sub-ordinates; procrastination, arbitrariness and frequent change of decision.</p> <p>Horizontal relations: weak bonds within a group and poor group work; role-based behaviour; difficult to build trust.</p> <p>Vertical relationship: paternalistic, or even tends toward a despotic leadership style; leaders often surrounded by subservient sub-ordinates; people are conscious of hierarchical roles.</p>

Undoubtedly, the Anti-rightist campaign (1957), the Great Leap Forward (1958–1960), the impact of the Cultural Revolution (1966–1976), the open door policy and economic reform (since 1978) and more recently the Tiannamen Square incident (1989) define in no small measure the belief system of this generation. The power of these events to shape the belief system is amazing when we bear in mind the fact that more than 70% of the respondents are under the age of 30. This means that they have not actually directly experienced the first three events themselves, and yet their thought world is largely defined by those events. The legacy these events left behind is marked characteristically by distrust of other fellow human beings and institutions, public or private; a succession of the building up of hope and its collapse; and the potent lesson that people only care about their own good or those in their close circle especially in times of difficulty, be it family members, relatives or close friends. If these events had formulated their assumptions of reality, the on-going reform gives the populace the opportunity and space to enact those assumptions.

If the abiding perception is that the environment is so hostile and unpredictable, with all the social participants always on the look out to dominate, to cheat and to make use of the unvigilant or the unguarded ones, the natural outcome can only be a collection of individuals who are very calculating and cautious in interpersonal relations, and apathetic toward ends which are not tied to one's intimate interest. There is also a sense of helplessness that pervades the collective consciousness of the population because of its inability to influence policies that will affect their lives.

The Self-Seeking Human Being

Another organizational assumption shaping the corporate landscape in the Chinese organization is that human beings are by nature self-interested and one can only trust people to the extent that they could be trusted in their self-seeking propensity. Whatever people do, in the ultimate analysis, is connected to serving one's interest. However, it should also be noted that the Communist regime has been preaching selflessness since it came to power and yet ironically, after fifty years of effort, almost the opposite of the intended outcome has been produced. In spite of the numerous different strategies of political indoctrination such as the endless study classes, campaigns and publicity of models of selflessness, self-centredness is emerging with a vengeance. Perhaps it is not preaching or exhortations that the population needs. It is also not the formal philosophy sponsored by the state that molds the assumptions of the people but the historical social experience that defines the content and the competitive position of each assumption in the assortment of ideas animating the dynamics of organizational culture.

A Hierarchical Social Reality

One has good reason to doubt why we should be elaborating on this assumption as a dominant force shaping organizational culture in a nation that is supposedly born out of a vision of an egalitarian or classless society. From the perspective of campaign rhetoric at least, the very motivational force behind the building of the "new China" is to dismantle the Confucian social system which sponsors a hierarchical social order because that order was supposedly the source of many social ills. However, evidence collected from life in organizations in this study does not seem to indicate that Mao's social reengineering project had succeeded in eliminating the strict social hierarchical system. On the contrary, his project had served to strengthen that system. Social hierarchy, both in its concept and practice, is a prominent constant that spans organizational culture today.

The respondents in this study do not seem to have any problem accepting the needs for differentiation of social roles, standings and power in order that society might function harmoniously. Inequality of power and capability between human beings is a fact that does not need any validation, and allocation of rank in the hierarchy is mostly a matter of fate. It is determined beyond the control of the individual but with hard work and intelligence, one could move up the hierarchical rungs. Moreover, conception of hierarchy, status and

authority is not incompatible with the stress on the principle of meritocracy and emphasis on rules-based organization, which have been steadfastly advocated by a rising group at the moment. Without doubt, this assumption moulds the ways authority is perceived and expressed, and impacts on the ways human relationships are formed and, ultimately, it helps the Chinese to internalize how organizations and society ought to be ordered.

TWIN VALUES SYSTEM

This finding suggests that the group of assumptions delineated from the field notes has generated a view of organizations that are multi-cultured. This means that organizations are simultaneously expressing more than one type of culture instead of merely displaying a homogenous one. As far as the dominant cultures are concerned, the artifacts and the justifications in these organizations bear close resemblance to the power and role culture type (Harrison, 1972). However, it would be incorrect to say that they approach the ideal types as described by organization theorists. They are simply power and role cultures with Chinese characteristics in their own right, but the two values or justifications for these two kinds of cultures are emerging from the same set of assumptions. One value system tends toward the maintenance of a power culture while the other clusters around and tends to strengthen the role-based culture. The latter is emerging from the shadow of the former and is evolving itself mostly as a reaction to the excesses of the former. In general, the former was seen to have an upper hand in the culture of the organization at the time of this study. That is, by and large, the power culture remains the dominating force of the organizations. However, it should be noted that they are in the minority, in terms of population size, when compared to the grouping which are displaying role culture. The reason that their values prevail and are manifested as dominant artifacts of the organizations could be due to the fact that they occupy most of the leadership position or that they have the most access to the power shaping the organization.

These two major cultural forces are in constant negotiation and interaction with each other, searching for a social space to occupy. The reality in organizational life can be compared to a stage whereby the drama in Chinese politics of the left (or the conservative camp) fighting the right (or the pro-reform camp) is acted out, though it assumes a different kind of expression. It is within the routines of an organization itself that the difference is manifested. On the other hand are those who have already been given a good position in life by virtue of their "premium background" bestowed on them at birth, those who have reaped the advantages of political games or the "guanxi card" and steadfastly insist that this is the Chinese way of organizing themselves. Their culture is rooted in the personal authority of their leader, which supersedes impersonal organizations in eliciting the personal loyalty of the subordinates. Such authority could be traced to its roots in the Chinese tradition of "government by gentleman", rather than rule of laws. Its basis is the traditional cultural pattern found in the bond of personal patronage and the Chinese concept of friendship as instrumental in personal connections. On the other hand are those

who have not benefited from the games just mentioned but nevertheless believe that there should be a level-playing field in which the reward should be based on merit. Without the personal power that the other group is armed with, they are challenged to stake a claim on institutional authority, which rests on formal positions in the institutional setting, instead of individual charisma or personal qualities. This group envisions that with the new institutional arrangement that they are advocating, it would bring about upward social mobility for them and would also result ultimately in the overall progress of the organizations as well as that of the society. This group has only just begun to emerge at this time.

ARTIFACTS

The outer manifestations of organizational assumptions (artifacts) in seven generic organizational variables can be summarized as follows:

1. As for managerial control (which tends to be internally focussed in these organizations), there is a strong preference for hierarchical control either through direction and supervision or through regulations. However, the poor specification of performance expected, a weak evaluation system, and the fact that corrective actions can only be initiated or endorsed by a superior, have produced a very weak managerial control system.
2. The desire to avoid personal responsibility in decision making, the belief that authority must be delineated and properly divided between different levels of an organization and the compulsive need to have a single source of authority has endeared the respondents to highly centralized organizations that are hierarchic in form. Although attempts have been made to formalize and standardize organizational practices, the overriding objective in organizational design is to obtain legitimization in the eyes of the employees, especially about the ways the leadership goes about its business. In other words, present organizational structure is not created to demonstrate rationality of the work process or to attain efficiency. On the contrary, it only produces a bureaucratic appearance⁹.
3. Job design aims at controlling the workforce to get tasks accomplished. While due emphasis is often placed on rule or procedure-compliance, very little effort is devoted to unleashing human potential in respect of creativity and individual initiative. The actual work performed is heavily superior-centered rather than customer-centered, and event-oriented rather than process-oriented.
4. The motivation system is based on a "carrot and stick" approach. The rationale is that people will perform in order to satisfy their need for security and thus the motivation system should always include a sense of crisis and fear so that people will try to avoid

losing their prized sense of security. What is also apparent is that powerful motivational force can be released when individual interest is secured through quick monetary returns or when personal loyalty to a superior is translated into action.

5. There is a strong tendency to move decision-making to the top of the organizational structure. Decision-making is further characterized by an unwillingness to delegate power to subordinates, the arbitrariness of the process itself, and a general tendency to procrastinate. This has resulted in a bottle-neck at the top choked with too many trivial matters, with the consequence that insufficient time is allocated to them to make high quality decisions.
6. In the matter of horizontal relationships, it is apparent that the cult of self-importance has produced a generation of workers that can merely be described as a collection of atomized individuals whose social ties are very weak, with the level of trust in a deplorable state. Very naturally, the workers are almost apathetic and indifferent to duties in work group. Without an institutional system that they can trust, many have chosen to turn to a strong patron or individuals who can "pull strings" to serve their own individual interests. For this reason, the notion of *guanxi* is still very much alive, despite its general decline in importance.
7. A paternalistic leadership style colours the vertical human relationships within an organization, which, however, works well when both the superiors and the subordinates of different ranks in its hierarchical order are conscious and willing to play their respective roles. Unfortunately though, as compared to their overseas Chinese counterparts, it does not appear that the leaders are that willing to fulfill their obligations to their subordinates in a benevolent way – indeed, there is a tendency for the former to display characteristics akin to that of despotic autocrats (Lee, 1999).

Enterprise Reform

The stated objective of the present enterprise reform initiative is to move towards the establishment of a rational legal framework (Li, 2000; Warner, 1999). The success of some of the latest endeavours such as defining different ownership systems, enhancing corporate governance, establishing a new social security system and streamlining corporate structure will depend largely on the kind of progress the nation is making in developing its rational-legal foundation. The enterprise reform is also driven, however, by the assumptions of struggle for survival, the self-interested individual and the belief that a well-defined set of legal apparatus will bring about efficiency and some order to the competition so that only the fittest will survive. As for the relations under consideration, the formulations put forward so far have not been able to detach themselves from the notion of hierarchy. This goes to suggest that they have not been able to invent for themselves another set of assumptions or world-views. Without becoming fully conscious of that situation

themselves, they are allowing the legacy of the past to define their present and, as a corollary, their future.

Meanwhile, whether the present initiative will lead to the establishment of a rational-legal framework is dependent on the role culture making a victorious reign over the power culture within the organization itself. There are, however, obvious limitations with regard to the establishment of a rational legal culture when we take into consideration the fact that there is a pervasive distrust of other fellow beings as well as their inability to build up a system of trust, and that survival takes precedence over other agendas, including adherence to a set of principles and laws. It might do the leadership good if they can appreciate the fact that the system of corporate governance that it has set in place or that it hopes to establish, the different kinds of relations that it wishes to properly define and the system of ownership that it strives to refine are in the ultimate analysis an outward manifestation of a certain mental model of reality. The first step that should be taken by the leadership might not be proclaiming a set of reform initiatives. Quite the contrary, it might well be the surfacing of those underlying assumptions which govern their present thinking processes and outward behaviour, providing the opportunity to reexamine their mental model of the world, which it has all along taken for granted to be emphatically right. If the leadership had taken this route, the reform initiatives proposed to the nation might very well be different from what we presently observe.

CONCLUSION

This study has tentatively affirmed that an assumption triad – a hostile world, self-seeking individual and hierarchical social reality – is the bedrock of Chinese organizations. Rested on this set of organizational assumptions are two different systems of value. The power culture is in a dominant position at the time of this investigation while the role culture is steadily gaining increasing acceptance. Needless to say, this study itself suffers from a number of limitations. They include the fact that data collection is more opportunistic than systematic, making it difficult to replicate another study for comparative purposes; data was only collected from work-related issues; it focuses only on the dominant cultural types without giving sufficient attention to those fringe cultural forces; because the common denominators of different organizations were emphasized, organizations are thereby presented as if they are uniform entities, which is against the genesis of organizational culture study. While no claim is made to suggest that the conclusion drawn here is valid for the entire country, this snapshot of Chinese organizational culture nevertheless afforded an opportunity to look at life within Chinese organizations. The conclusion that is drawn will also enable us to look at some possible road map that Chinese enterprise reform might be taking. A pertinent lesson that is humbly offered by this study is that one could never escape the impact of assumptions. Therefore, in any enterprise, reform, initiative or any managerial process leaders are kindly advised to first begin by unearthing their own

subconscious world-views. This process of baring one's soul could be a painful one, but it has to be done.

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ENDNOTES

- ¹ See Alvesson and Berg (1992) for a good evaluation on different schools of thought used for organizational culture study.
- ² The term "group" here refers to social units of all sizes, including organizations and sub-units of organizations.
- ³ This took place from February 1999 to March 2000.
- ⁴ A national banking group, a provincial tourism bureau, a city tourism bureau, the city government, a provincial trading group and a national travel agency separately own the six hotels involved in this study.
- ⁵ This requirement that an organization should have a sufficiently long history for its culture to be established is suggested in the literature, although what is considered a long history is an arbitrary decision.
- ⁶ This follows Schein (1992) which recommends that critical incidence will enable the researcher to get a historical reconstruction of how the group solved its major problems of external adaptation and internal integration and to focus on the solutions which worked repeatedly and became embedded. This is especially relevant to this study as those organizations under investigation are presently going through an important process of change. Significant incidents arising out of this process are likely to remain fresh in the memory of the members of the organization, which should facilitate the construction of their recent history.
- ⁷ This follows the suggestions of Schein (1992), Philips (1990), Sackmann (1991).
- ⁸ 21st Century Forum on Corporate Culture of China, 20–22 June 2000, Guangzhou, mainland China.
- ⁹ This is consistent with the observation of Boisot (1994), and Boisot and Child (1996). For this reason, they argue that Chinese organizations actually need more, rather than less, bureaucracy if they want to improve their effectiveness and efficiency.