

THE EVOLVING MINDSET OF THE CHINESE MANAGER

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To work effectively with Chinese, Western managers need to develop greater understanding of Chinese culture and values. Twenty-five Eckerd College students examined earlier field research of Hendrick Serrie on Chinese culture and Serrie's six principles. Each group was assigned one principle and formulated questions and topics that formed the basis of discussions with managers in China. Upon completing the project, students completed papers on the assigned principle, either supporting or challenging Serrie's research. Eckerd students found many principles from the research are still relevant, although certain principles are not as relevant because of changing values, especially among younger, well-educated workers.

Introduction

The young Chinese manager beamed with a great sense of pride as her General Manager introduced her to the visitors from the United States. And rightfully so as Minnie Xu has the distinction of being the first female to hold the position of Resident Manager in China for Marriott International at the new Renaissance Yuyuan Hotel in Shanghai.

Ms. Xu is part of a new breed of middle and upper-level managers who are taking on major roles for organizations such as Marriott as they expand into China. Her audience on that cold but bright January morning was a group of students and their Professors from Eckerd College in St. Petersburg, Florida. The group was on a three week study and research program to explore the Chinese culture and to observe how managers from multinational organizations with a Western-style of management are interacting and adapting to their Chinese workforces in Beijing and Shanghai.

Morris Shapero, Assistant Professor of International Business, and Hong Gu, Instructor of Chinese Languages, took the 25 language and business students to China's two most dynamic commercial and cultural centers, Shanghai and Beijing, in early 2008 because, as Shapero states, "this country cannot be ignored by international business today." China remains an elusive, uncertain prize for most multinational organizations. As many historians have recognized that the last century belonged to the U.S., many feel that the current century will belong to China. International companies realize that they must have a presence inside this awakening superpower. Therefore, business programs in colleges and universities must prepare students for careers that will interface one way or another with this country and its people.

During their visit, the group conducted field research, meeting with U.S. and European-based corporations, government consulates, and commerce groups to examine how global managers and their human resource departments have adapted to their Chinese workforces. This paper asks

the question, “What cultural issues must multinational organizations consider as they recruit, select, train, supervise, compensate, and manage their Chinese workers?”

Discussions with managers from ten global organizations (see complete list in Acknowledgements) revealed that, although some cultural beliefs and values such as the importance of relationships, correct behavior, and social image are still important tools of leadership, other once-held values of humility, modesty, and deference to group are changing rapidly as younger, highly educated, competitive managers like Minnie Xu assume new roles with multinational corporations and organizations.

Methodology

To further understand how Chinese values are changing, the Eckerd students examined the earlier field research of Hendrick Serrie, Eckerd’s Professor Emeritus of Anthropology and International Business. Serrie’s 30 years of fieldwork in Chinese culture originated in Taiwan in 1966, concluded in Beijing and Suzhou in 1996, and culminated with his research findings, “Training Chinese Managers for Leadership: Six Cross-Cultural Principles” (Serrie, 1999). The students compared their recent findings with this earlier research and concluded that many values have changed in the three decades since Serrie began his observations of Chinese culture.

The Serrie research published in *Practicing Anthropology* in 1999 uncovered that:

1. Chinese culture emphasizes human relationships over legal agreements.
2. Chinese culture emphasizes correct behavior and social image.
3. Chinese culture combines merit and sinecure.
4. Chinese culture emphasizes humility and modesty.
5. Chinese culture emphasizes authority.
6. Chinese culture discourages initiative.

Six research groups were established with 4-5 students in each group. Then, each group was assigned one of the above principles, and prior to leaving the Eckerd campus, met and formulated questions and research topics that formed the basis of discussions with global managers once in China. Upon completion of the project, students completed individual papers on their assigned principle, either supporting or challenging the original Serrie research. This paper is a synthesis of those findings.

The Need for Mutual Understanding

It is clear that Western managers need to develop greater understanding of Chinese culture. As one manager stated, “It is important to be culturally aware on a global scale.” A successful leader will demonstrate complete knowledge that includes cultural intuitiveness. New leaders today must have a high cross-cultural quotient and will succeed in other cultures and grow professionally from this type of experience. Many managers noted that “knowledge of other cultures is also most important for the Chinese as China will never become a superpower until its values and culture can be understood by other cultures.”

One manager assessed the Chinese this way, “The Chinese are excellent in the hard skills and building infrastructure...where they need help is in the soft skills which require sound

management practices. These skills, the Chinese are learning from countries like the United States.” This soft-skill incompetence is exemplified most recently in the government’s distribution of Beijing Olympic tickets. Chaos plagued China’s ticket distribution for the various events from day one. Several months prior to the opening of the games, “high demand” was blamed as the online sales system crashed which would have been a piece of cake for a “Ticketmaster” in the states. Management functions such as planning, organizing, influencing, and controlling that are routine operations for most Western-driven organizations...become “mission impossible” for the Chinese.

So how did the government resolve the ticket snafu? Officials reverted to an old-fashion lottery and fired the head of ticket sales. Six months later, the online system was set up again, but customers claimed it was sluggish or didn’t work at all. And finally, two weeks from opening ceremonies, the Chinese complained that the government was still unprepared for one of the most important events in recent history. According to one Chinese man interviewed on the street trying to buy tickets, “They can’t even solve such a small problem as this—what else can the government manage?”

Another manager noted the positive qualities of Chinese people by stating, “Chinese workers are polite, smart, eager to learn, and competitive just like other cultures around the globe.” However, there are still challenges for the many international companies entering China today. According to one manager, “In China, nothing is impossible for any company that comes here, but everything is difficult.”

Brenda Lei Foster, President of the American Chamber of Commerce in Shanghai, states, “There are over 80 new U.S. companies joining the Chamber every month. As these organizations settle in, they realize that they must adapt to the new culture to be successful. The only difference between doing business here and the U.S. is that the market is moving much faster in China.” Another manager reinforced this when she told the students, “There is a big desire for change and success in China today. People here move at 100 miles per hour.” Another manager stated, “As globalization of markets increases, most companies are finding that expansion into China is vital to remain competitive and China’s unprecedented reforms and policies of openness are enabling more companies to come here.”

Mak Djalali, General Manager of Marriott International’s Renaissance Yuyuan Hotel in Shanghai says, “Language and communications are still challenges in the workplace. Success in China is dependent on attitude, patience, and a willingness to learn the culture and adapt to it.” Another manager added that for companies preparing to enter the marketplace, “A ready pool of global managers is necessary to overcome the challenges of intercultural communications and to understand the culture.

Marriott International has a worldwide management style that is a unique blend of empowerment and paternalism. Djalali feels this has “helped him to bring together his 400 employees to think and act as one team, one family, with one common goal.” This allows Marriott to keep customers very satisfied with quality service and products and reinforces the goal that team members must do whatever necessary to retain customer loyalty.

One manager stated, “Younger generations of Chinese do not want to be Western; they want to be modern Chinese.” Being modern Chinese often means adjustments in personality for young managers like Minnie Xu who says that “one of my biggest challenges is to take on an outgoing personality.” One HR manager confirmed that “Chinese will not speak-up as quickly as employees from Western cultures, but upon completion of training, they realize that a more Western management style is required.”

Djalali who led the team that opened the new Renaissance Yuyuan Hotel in late 2007 told the Eckerd students that being aggressive to customer needs is most important in the service industry and especially in hospitality. “Marriott teaches our employees everywhere to be empowered...whoever receives a complaint, owns it. Our team members must act with expediency to resolve it,” says Djalali. Although Chinese culture in the past may have discouraged initiative, young managers like Ms. Xu have learned to act autonomously and become independent thinkers.

So who is changing who, you may ask? Are American and European-based companies changing Chinese culture today, or are the Chinese employees changing the management styles of these firms? “Probably a little bit of both,” says one manager. “Yes, we recognize that human relationships and correct behavior are still very important in China, and we respect these values very much.” But the manager adds, “We are also finding that our young workforce here in China is motivated by salary and personal rewards and that they are very much individuals; we see many young managers jump ship for just a 1% pay increase offered by another firm. So we must change some of our compensation review programs to adapt to these values.”

2008 Research Findings and Recommendations

Eckerd students found that many of the principles uncovered in the Serrie research are still relevant today. However, certain principles are not as relevant because of changing values, especially among younger, well-educated workers. These professionals appear to share values and behaviors similar to their contemporaries around the world. What follows is an examination of Serrie’s six principles from the perspectives of global managers in 2008, which allows us to understand the current mindset of Chinese managers.

Serrie maintains, “It is important to study cultural changes as the success of global organizations will hinge on the intercultural and interpersonal skills of middle and upper level managers in leadership positions.” He further states, “It is most important for these managers to bridge cultural differences by understanding and respecting the values, attitudes, and motives of the people to whom they are assigned.”

Principle 1: Chinese culture emphasizes human relationships over legal agreements

Student Researchers: Darcy Overby, ‘09, Michael Yunker, ‘10, David Trujillo, ‘11, Catherine Wilson, ‘10

This team examined the importance of relationship and trust in China today. Do Chinese managers still focus on human relationships or on law and legalities, or is this changing? What role does the contract versus the relationship play in China today? Does “guanxi” or connections reduce the drive for excellence and efficiencies in Chinese organizations?

Global managers began nearly every briefing by acknowledging that the cornerstone of Chinese society is built on people’s relations with each other. The Chinese word for relationships involving mutual assistance is “guanxi.” These values reinforce that Chinese emphasize human relationships, whereas Americans emphasize legal contracts or performance.

One manager explained, “In China, a contract is only the beginning of the negotiations. Chinese managers feel that although a contract is important, building trust is equally important and can only be achieved over time and entails many business and social gatherings.” Another manager added, “Certain traits are needed to do business in China such as patience, persistence,

friendliness, flexibility, sense of humor, and honesty.” He continued, “If these behaviors are present, then relationships can be developed and maintained.”

According to another manager, “Contracts in China are often more general than in the U.S., where they are more complex.” He added, “In China when a problem arises, it is the relationship that works it out, not changes to the contract.”

One might think that relationship building hampers efficiency in organizations. “Not true,” according to one manager who added, “Westerners believe that taking several days to sign a contract is wasting time. To the Chinese, the relationship is more important than profitability, and they often choose a supplier with a higher price and with whom they have built a relationship than accept a lower price from a supplier they do not know and trust.” A colleague replied that “guanxi and relationship building helps companies accomplish their tasks and allows people to move quicker, depending upon who you know.” According to one manager, “You must establish trust with associates and gain their respect first before a relationship can develop.” He further added, “Loyalty takes time to build. I build relationships slowly, gain respect, and then my team feels that we are family. If you say you will do something, you need to do it.”

Several managers stated, “Friends come before legal agreements, and good relationships get things done.” One manager added, “You should get to know the mayor and the deputy mayor and people under them, and then their subordinates will get to know you.” He also stated that contracts with small and medium-sized companies can often be difficult to enforce. He concluded by stating, “I remember one company that sued for one million dollars just to show that they took contracts seriously. The importance of relationship is placed above the contract, and I always advise associates to act with due diligence and to know who they are talking with when negotiating with the Chinese.” All managers agree that it is fundamental to use a certain amount of care and caution when finalizing deals in order not offend Chinese negotiators. This allows the Chinese time to grant trust to the other side.

A 2007 American Chamber of Commerce-Shanghai Business survey (Bliss et al., 2008) asked members to identify the issues that they viewed as major challenges of operation in China. Inconsistent regulatory interpretation was given as “top” challenge by 12% and a “major” challenge by 25% of the respondents, while “unclear regulations” was viewed as the “top” challenge by only 3% of firms but a “major” challenge by 33% of respondents. These statistics attest to the continuing importance of personal relationships over legal documents in China.

According to one manager, “In China, contracts are more flexible than in the states. Once the contract is negotiated, Americans think the deal is done, but to the Chinese it is only the first step.” The manager adds, “Trust and the ability to communicate are far more important to the Chinese than words written in a contract. My advice to contract makers is to “heed the three Ds—due diligence, due diligence, due diligence.” He concludes, “Managers should know the market and know what to expect before they come.”

Relationships must be built over time and without interruption. According to one manager, “Chinese expatriates who return to China to take advantage of its economic boom often find that, although they speak the language perfectly, they are out of touch with the markets and the guanxi relationships of others who remained in the country.” He added, “Although Chinese, these strangers often find it difficult to get firm footing when entering the new business environment.” According to another manager, “Business relationships among the Chinese are clearly based on trust, obligation, and dependency; however mutuality and its give and take is the essence of life for most Chinese.”

My students thought that the “fun” side of building relationships was best described by one manager when he stated, “Colleagues who don’t like or just refuse to drink do not get as deep into the business relationship as those who do.” Indeed, according to *Gulliver*, the business-travel blog of the British weekly, *The Economist* (Living the Shanghai Life, 2008), “Drinking a lot (and even drunkenness) may earn you respect or trust, since many Chinese believe that alcohol causes barriers to come down and true intentions to be revealed.”

Most managers confirmed that contracts are becoming more important. According to one manager, “In the last five years, legal agreements have become more useful. They still do not have the same meaning as in the U.S., but contracts have gained ground in China.” But according to the same manager, “Established trust can still work to your advantage; often a supplier that wants to change a contracted price can find agreement from the buyer without a renegotiated contract.”

According to one manager, “If litigation is necessary to resolve a dispute, where you litigate is most important. Local courts in China often side with local companies, so I suggest that Westerners bring legal suits in more developed commercial centers such as Beijing or Shanghai,” he added.

To implement a contract, according to Ming Jer-Chen, author of *Inside Chinese Business: A Guide for Managers Worldwide* (2003), “You should note that the Chinese do not view post negotiation as simply the time to implement an agreed-upon deal; some see it as an agreement between two parties on the general principles and spirit behind a deal.”

- Recommendation: Although trust is the essence of any universal business agreement, the time required to cultivate it in China should be extended, especially for American organizations that tend to rush to contract with little “non-task sounding.” More eating, drinking, and socializing is required to strengthen relationships. As Westerners enter into joint ventures and other collaborative alliances with the Chinese, they must convey their expectations pertaining to the binding qualities of legal documents. Additionally, Westerners should advise Chinese associates of the kinds of actions they bring against breaches to agreements.

- Recommendation: Western firms should keep contracts as general as possible. Be precise and say what you need to, but remember that Chinese are highly contextual and place less importance on words and elaborated communication styles.

- Recommendation: Do what you say you are going to do. Although most Western companies realize that success is built on honoring one’s word, it is imperative in China not only to deliver all expectations but to do so in the context that was promised. For example, the American firm that contracts equipment at a certain price, delivers it at that price, but is late one week in delivery and does not follow up with a discussed personal visit, has in fact, not delivered as promised.

- Recommendation: When legal recourse is necessary, Western firms should understand that not all court systems are the same throughout China. As mentioned earlier, local courts often side with local companies so Westerners should always bring legal suits in more developed commercial centers such as Beijing or Shanghai.

Principle 2: Chinese culture emphasizes correct behavior and social image

Student Researchers: Meghan Mahoney, '10, Matthew Douglas, '10, Ellen Darlington, '08, Thalia Lipsky, '08, Michael Geegan, '09

This team examined the issue of maintaining one’s social image, or “face,” in Chinese culture today. How is dignity and respect carried out in the workplace today? Are Chinese

managers reticent at business meetings, or do they speak out more as in the West? Is assertiveness regarded as important? How does this affect current leadership styles?

Serrie's research reminds us, "Confucius taught that the basis of a well-run society lay in observance of the correct behavior (li) that he prescribed for each of the five most important relations (wu-su), which were emperor-subject, husband-wife, father-son, older brother-younger brother, and friend-friend." Social appearances in 2008 China are still of utmost importance, whether or not they accurately reflect the true feelings of the participants.

Maintaining one's social image or "face" is important in Chinese culture. Correspondingly, losing face in front of others, or causing another person to lose face, is far more embarrassing and might have far more serious consequences in China than elsewhere. My associate, Hong Gu, often explains the importance of face by stating, "Saving face is all about keeping dignity, compliments, and pride for your surname." Most managers agree, "It is important to maintain loyalty and respect in order to save face." One manager even remarked, "There is a lot more freedom of speech in China today, but anything that will embarrass the government or the country through the media is not considered appropriate behavior."

"It is often important to solve problems without directly addressing them," according to one manager. The manager continued, "This is the best way to allow a Chinese manager from losing face since the Chinese do not like confrontation, especially when it involves a superior. Workers often have a problem speaking up, especially if their boss is Chinese. I recall one instance when workers from another area came to me rather than their boss with excellent suggestions, and I simply passed the ideas to my colleague in the other area."

According to one manager, "One of the major roadblocks between Chinese managers and their subordinates often occurs in upward flows of information. When I am doing a question and answer session, nobody raises a hand; many subordinates are traditionally discouraged from speaking out or presenting ideas that may cause their superiors to lose face." According to one human resource manager, "Some traits of Chinese workers never change, and our company must adapt to these cultural issues." She continued, "I have given many a presentation when I have asked for questions and got no hands. I began to realize that asking questions of a superior meant that they did not explain something well or that the subordinate could not understand the presentation. Either way, subordinates believed that a question signals that someone has done something wrong. So much of the time, my subordinates bore the burden of not understanding my presentation to allow me to save face."

Several managers mentioned that to obtain feedback on critical issues, they often have employees meet privately without higher-level managers present and then employees open up and make suggestions to their peers. "They seem to be more comfortable in my absence than in my presence," one manager stated somewhat embarrassed. Managers again reiterated the importance of "face" as it relates to creativity. According to one manager, "In China, lower-level workers seldom report constructive ideas or criticism as this makes their boss look bad."

According to one manager, "A junior employee is often hesitant about being promoted above their current supervisor because this may create instability in the workplace. It is more likely that they will let their boss take credit for the idea, or if the boss understands Chinese culture, the superior will probably promote the reluctant worker to a different department." Chinese usually do not speak out at meetings; if there is a problem, it is handled in private one-on-one meetings. According to one manager, "Chinese employees are less likely to speak up to a Chinese manager than to a Western manager, and this is detrimental to the success of any organization."

One high-level executive gave a different perspective on speaking out as it relates to “face.” She said, “The individual mindset is very similar to the United States; Americans like to stand out and do what they can to better themselves professionally, and young Chinese are no different.” She further added, “It is true that some employees will not raise questions that might embarrass them or make them lose face, but this is why we do group sessions on specific topics so people can voice their opinions without shame.”

- Recommendation: To improve the quality of communications with Chinese managers, organize small meetings with no superiors present, only peers. To obtain feedback on specific issues from a subordinate who you value as an important contributor, meet one on one privately in a comfortable setting.

- Recommendation: When promoting an employee within a small department or unit, remember that their relationships with other workers in the unit will be impacted, and this often creates instability in the workplace. When possible, employees should be promoted into new areas or departments to avoid issues of “lost face.”

Principle 3: Chinese culture combines merit and sinecure

Student Researchers: Robert Tragemann, '08, Emily Sepler-King, '09, Luisana Harraka, '09, Craig Bothwell, '09

This team examined meritocratic institutions coexisting with other institutions that thwart the identification and encouragement of individuals of merit. Are Chinese still raised to respect a person according to position and academic credentials? Or do they respect a person according to ability, with or without credentials? What roles do seniority and age play in rewards and promotion? Does gender remain an issue in China today?

Professor Serrie reminds us, “With its beginnings in the late Han Dynasty in the early centuries A.D., the Chinese public exam system for recruiting officials to the imperial bureaucracy became a historically precocious instrument for establishing the world’s first and greatest preindustrial meritocracy.”

Several managers confirmed that “people in China are raised to respect a person according to their position and to recognize the authority of that person in that position.” One manager added, “In contrast, Americans are taught to respect a person according to their ability and what they have achieved.”

But things appear to be changing in China, and there is a movement among young, educated managers today that says, “What I do should be the basis for my promotion and my rewards,” according to one Chinese worker. According to this worker’s manager, “Workers are far more competitive and expect to be personally rewarded for their work.”

Several managers described Chinese workers as “fierce individuals.” Most managers agree that workers expect to be promoted, paid more, or they move on. According to one manager, “People are motivated by money, position, and other personal gains just as they are in the U.S.” Another American manager with small children in a Shanghai school noted, “Competitiveness is what drives the Chinese from a very young age. If you can’t keep up in first grade, you won’t stand a chance in the future. There are just too many people coming up through the schools for there to be room for failure, even amongst the very young.” Most managers agree that there is more advancement today based on individual accomplishments rather than connections, status, and academic credentials.

One of the slogans of the Maoist period was “Women hold up half the sky.” In Beijing and Shanghai, a large portion of employees are women. As in other large cities in China, there seems to be little bias against them. Yet many Chinese managers that we met stated that more progress

can still be made on behalf of women, especially in middle and upper level management positions.

According to one high-level female executive, “Females in the workplace have increased over the last ten years as they have become better prepared, better educated, and extremely talented over time. It does not matter if you are a woman or man in a managerial position, your rights and contributions are equally respected for your accomplishments...but you must earn the respect!” She emphasized, “You must complete your due diligence. It is not a matter of deserving respect; it is a matter of earning it. You must work hard and keep all promises.”

On occasion, reward in China can still take the route of who you know. One executive recalled, “I remember when one person working in my area received the highest bonus from one of my managers for no reason other than she was the wife of one of our VPs. Her accomplishments and qualifications were weaker than her peers who received no bonus, but her lack of accomplishment took a back seat to her husband’s position and status.”

According to another manager, “East Asia tends to be a more polite society, giving deference to older people. This has carried into the workplace through the promotion of workers based not on their ability and accomplishments but on age and credentials.”

- Recommendation: Younger Chinese employees prefer evaluation and reward programs that are based on individual merit. This type of program should be made clear to all employees with more frequent assessments completed by Western managers. As mentioned earlier, younger managers are so intent on financial success that many will “jump ship” for even the smallest pay increase. Therefore, to avoid attrition, smaller but more frequent rewards may avoid higher turnover rates.

- Recommendation: Women play important roles in Chinese society and can be a valuable asset for a multinational company in China. Ensure that all female employees are given equal opportunities, especially in training and advancement, that are given to their male counterparts. Remember, equal pay for equal work is important in China.

- Recommendation: When promotions are given to employees, concern for their peer relationships within the same unit or department is vital. Issues of “gaining and losing face” can greatly affect the morale of a department. When possible, promote employees to other areas of the organization to avoid social image issues discussed in Principle 2 above.

- Recommendation: Remember that guanxi still plays a significant role in Chinese society. When recruiting and selecting, reinforce HR policies that reflect hiring on the basis of merit and not friendship. One HR manager stated that “it is most important to publicize merit hiring in more rural areas where large manufacturing complexes are situated because laborers are more traditionally minded with strong loyalty to family and friends.”

Principle 4: Chinese culture emphasizes humility and modesty

Student Researchers: Joshua Faig, '08, Charlotte Dorris, '11, Christopher Armstrong, '08, Samantha Geller, '09

This team examined what role humility and modesty play in Chinese organizations today. With emphasis on individualism and self-reliance, American culture has always expected a high degree of self-promotion. Are Chinese managers moving in this direction? Do Chinese managers have difficulty appraising themselves? If they rate themselves high, is this still considered boastful?

According to one manager, “To traditional Chinese, the relentless drive many Americans have to advertise and self-promote themselves appears offensive.” Serrie reminds us that “Chinese culture has always emphasized humility and modesty. Even honest compliments from

others must be denied; the standard Chinese cultural response to a compliment is to negate the compliment.”

Several managers confirmed, “The role that humility and modesty plays in organizational culture has changed for younger Chinese.” One manager went so far as to say, “These little emperors and empresses have become very competitive, almost to the point of being selfish; they strive to be better than the next!”

Another manager added, “I often ask new applicants inquiring for a position what they look for in an ideal company, and they usually respond direct communication and a team-oriented workplace. But after they begin working, I notice that workers communicate indirectly and focus more on individual work. It seems that the new generation was brought up with traditional values, but because they are the only children in the family, they focus on themselves.” Perhaps young people entering the workforce today are individualistic because of the attention they were given by doting parents and grandparents in one-child households that made them “little emperors and empresses.”

Self-promotion has also caused a retention problem for companies operating in China. Because younger Chinese are willing to self-appraise themselves and do so more often, many companies are finding it difficult to keep their workers happy. According to one manager, “If Chinese employees can improve their pay overnight, they will, no matter the consequences to those around them. I had an employee who was making a decent salary but decided to go elsewhere for a two thousand dollar increase, which she would have received from me in a couple of months had she stayed.”

The talk of money is everywhere on the street of Shanghai and Beijing. One travel writer who recently returned from there states, “The Chinese are so enamored with their foray into the world of money that the standard conversation, when meeting one another for the first time, immediately progresses to “How much money do you make?” The writer’s tour guide told her, “Never mind, it’s just my culture.”

The word “fierce” was again used by another manager to describe his Chinese workers. He added, “They have no problem with self-appraisal and they strive to make it to the top. This move from group to individual emphasis and from modesty to slight selfishness is good for the Chinese.” But the manager concluded, “It is often hard to get people to ‘play’ together.”

American culture has always expected a high degree of self-promotion. But Serrie reminds us, “The Chinese also have experience in motivational techniques to enhance worker productivity; Mao Zedong promoted labor volunteerism based on emulation drives, which in turn inspired emulation committees in most of the countries factories. Since his death, emphasis on material incentives has been increased, and today incentives combine moral encouragement as well as material reward.”

“A worker’s humility and modesty may vary based on the industry they are in,” according to one manager in manufacturing. He added, “Certain industries discourage initiative, especially from their lower-ranking employees. Manufacturing still holds traditional values when it comes to humility and modesty. Standing out from the group is not a desired attribute for a line worker.” According to another manager, “It will take 5 to 10 years for assembly line workers to change with respect to humility and modesty. This is probably due to our location as we are not situated in urban city centers where values relating to modesty have changed much quicker.”

However, the hospitality industry has had to change the way Chinese workers interact with people. “In hospitality, initiative and empowerment are industry standards, and the Chinese have accepted this,” according to Marriott managers. One manager explained, “My team has learned

to be very outgoing as they must greet guests all day long, most of whom they have never met before.”

- Recommendation: Be sensitive to traditions of modesty and humility, but encourage self-appraisal programs for the younger, educated professionals in large commercial centers such as Beijing and Shanghai. This workforce is more confident and more willing to assess themselves in order to receive rewards and promotion. The process of establishing organizational goals should include all employees. Then individual employees should be asked to personalize their goals to these objectives and then to assess their own performance on a regular basis. This policy should be clearly stated and administered at all levels of the organization.

- Recommendation: Material reward is most effective in China today. Money is everything. Although moral encouragement has played a dominant role traditionally in motivating people, reward programs should include financial incentives.

Principle 5: Chinese culture emphasizes authority

Student Researchers: Katherine Bielak, '11, Julia Young, '08, Drake Naples, '10, Gregory Hokenson, '08

This team examined the importance of Confucian relationships and appropriate behaviors. In the past, Chinese managers have observed authoritarian relationships with strict obedience on the part of subordinates. Is decision-making still influenced by authority today?

Serrie's research tells us “that of the five Confucian relationships which prescribed correct behavior, four were ‘authoritarian‘ in character.“ Such relationships required strict obedience on the part of subordinates and paternalism on the part of superiors. However, communism over the last fifty years has structured a more egalitarian peasant-worker system than the Confucian tradition of elevating officials with scholastic credentials to the top. But even so, communism did not change the cultural traits of the Chinese people and their deeply conditioned respect for and response to authority.”

According to one manager, “Chinese are often reluctant to make decisions because no one wants to be responsible for actions that could lead to negative results. American companies bring their best practices to China, and the Chinese adapt to these practices. This is not to say that the Chinese are becoming more American, but only to say that the Chinese business environment is changing from traditional to more international business practices.”

Decision-making is still impacted by traditional values. According to one manager, “The presence of hierarchal mindsets is a hindrance to innovation, and supervisors believe that no deal can be closed without consent from higher levels. To succeed in China, you need to know who the decision-maker is in the organization and talk with them at some point in the negotiations.”

Issues of hierarchy also affect promotions. According to one manager, “When I promote someone who is younger than another worker also under consideration, some people on my staff become upset. Fortunately, these feelings don't last long, nor have they impaired our ability to attract the best talent.”

According to one manager, “Chinese hierarchy makes the boss the most important person and the decision-maker at all times. Changes take time because an employee with an idea must send it through the proper channels for it to be heard.” Another manager states that hierarchy presents an even greater managerial challenge than language and communications. “Language is the least of my problems compared to the role that hierarchy plays in Chinese management. Relationships are built on mutual trust, and each level of management expects the next level to act appropriately and to be loyal at all times.”

Another manager stated, "It is considered disrespectful for a subordinate to bypass their superior and to take an issue to a higher level." He added, "It is not common to receive criticism from subordinates, but they will provide constructive feedback if you nudge them a bit." He concluded by stating, "One is expected to hold your superior in highest regard. If two peers find themselves in a situation where one is promoted and the second is not, then it is expected that the friend with lower authority should adjust the relationship both socially and professionally."

According to one manager, "Confucian style thinking stresses utmost respect for one's elders and superiors at all times, and because of this mindset, it is difficult for subordinates to see their superiors as approachable or challengeable." However, the manager stated, "Younger workers are becoming independent and freer thinkers because they want to make more money and move up."

Although most managers agree that hierarchy still exists, one manager stated, "The influence of more egalitarian managers from the West and the growing influence of business interactions from the West are weakening the effect of hierarchy and deference to authority in the Chinese workplace." Another manager stated, "It is still difficult to teach subordinates to talk with American associates as peers, even if the worker is at a higher level. There is a certain respect that Chinese workers demonstrate, and they often feel that speaking on a personal level is inappropriate."

Of Serrie's six principles, none has been more affected by cultural change than the principle on authority. The evolving mindset of the younger, educated Chinese, although still respecting authority, is one that is bolder, more self-promoting and is more willing to challenge it. This generation has grown-up in a China greatly impacted by globalization, a China that has moved toward capitalism, and a China that has embraced technology and telecommunications. All of this has created a "new" Chinese mindset built around individualism, achievement, and the desire to be autonomous and control one's own destiny. Perhaps this "softening to authority" has even penetrated into government where recently Chinese authorities "set aside" dissenting space near the 2008 Beijing Olympic venues so that outspoken critics could voice their opposition to topics of concern.

Individualism marches on in China. One manager states, "Perhaps the one child policy of the communist party was a far greater agent of change than anyone could have imagined." The one-child household has created a nation of pampered, protected, and privileged Chinese who are the products of parents and grandparents wanting their offspring to have more of everything than they had, to be more free to achieve their dreams, and to enjoy the privileges of the West whether it be eating a "Big Mac" or driving a car to a well-paying and respected job.

- Recommendation: When the culture of your industry encourages high empowerment, your training programs should include individual decision-making. Companies such as Marriott International and Citigroup have been most successful in developing teams of front-line workers and managers who have developed a strong sense of confidence and ownership.

- Recommendation: Industries with labor-intensive workforces may find that quality work circles enhance decision-making on plant floors with a supervisor designated by the peer group to communicate to managers. As mentioned earlier, to obtain feedback on critical issues, it is important for employees to meet without their superiors present.

- Recommendation: When dealing with Chinese managers, always know who the decision-maker is and talk with that person at some point in the negotiations. A hierarchal mindset still dominates within Chinese society, and often a manager believes that no decision can be reached without consent from a higher level.

Principle 6: Chinese culture discourages initiative

Student Researchers: Benjamin Steckel, '10, John Wessels, '09, Christopher Stultz, '09, Julien Rossow-Greenberg, '10

This team examined the issue of hierarchy in China today. Traditionally, the Chinese culture and political system have allowed only those people in positions of authority to exercise initiative. Each issue had to be passed up through successive levels until it reached a leader willing to assume responsibility for the issue. Are employees reluctant to assume responsibility for projects? Does this lack of initiative stifle creativity?

Serrie's research noted that there was "wide agreement" that Chinese culture, traditional and communist, discourages initiative in most people, at least in the short run. Only individuals in positions of authority are theoretically able to exercise initiative, but even here most leaders report to someone higher up. From a Western manager's perspective, this system of hierarchy takes a long time to resolve an issue or make a decision.

This lack of initiative is a contrast to American managers who are expected to take assigned projects and run with them. American managers work independently of their superiors; they resent over-direction or micromanagement from above. As mentioned earlier, empowerment is creeping into industries in China such as hospitality as well as other service industries and will continue to make its way into others. More companies are acknowledging the importance of customer satisfaction, which is achieved through strong interactive customer service programs where workers reach out to customers.

According to one manager, "We do role training to equip staff to handle situations outside their normal scope of responsibility. Although this may not come naturally to many on our staff, it may be needed on occasion as managers cannot be everywhere and cannot anticipate everything." According to another manager, "Employees are encouraged to take responsibility to solve problems on their own, without feeling dependent on approvals from their supervisor. This behavior is not typical for Chinese, who are more reserved, but they subscribe to our training which stresses initiative."

One manager sees a good by-product of the one child policy as it relates to creativity and initiative this way, "Chinese people care about themselves, their families, and their relationships. This policy has made younger generations more independent and more willing to adapt to Western work environments that thrive on openness, creativity, and ambition. Although the Chinese still appear modest socially, in the workplace they are individuals with minds of their own."

According to one manager, "Properly directed downward flows of communication can overcome the lack of initiative in some employees. Although one must precisely define tasks and then follow up, we find that more of our employees are showing initiative."

So what is the motivation for younger, well-educated managers to show initiative and to use their creativity to solve problems? According to managers, "The motivation boils down to hard cash at the end of the day. Money has become a prime motivational tool in China. Companies that reward creativity and initiative with salary raises and promotions find that Chinese managers can be just as creative and contributing as professionals found elsewhere."

Empowered employees will succeed in the age of globalization as more organizations in China see that front-line initiative adds to the bottom line, not hierarchy and intimidated workers. It has become a universal goal to keep people satisfied with quality service, quality products, and caring programs, and this mindset will penetrate into non-business institutions in the coming years. There is more "openness" in China today than ever before.

One of my Eckerd students asked me on a trip to the Forbidden City, “Why the name, Professor?” After stopping to think, I remembered that the “people” had been forbidden to enter this dwelling of emperors for over 500 years. But things have changed. As I sat on the steps of the building where the all-powerful emperors sat in judgment over men applying to become scholars, it was then that I realized that “authority,” Serrie’s last principle, had undergone stupendous change here in China today. At that point, a local mother standing next to me, held her baby so that a slit opened its overalls. Then the child peed upon these great steps to authority; perhaps a new mindset evolving.

- Recommendation: When training Chinese employees, all behavior modification exercises, such as teaching empowerment, should always begin with the highest-level managers and then work downward to their subordinates and so on. The training must emphasize that, not only must top managers accept responsibility, but that they must be able to comfortably delegate responsibility, authority, and initiative to subordinates below them.

- Recommendation: Cross-cultural training should be included in all training programs of Western organizations operating in China today. Issues such as empowerment can be best communicated through an assimilator approach that uses role-playing exercises and short vignettes called “critical incidents.” These short scenarios are helpful in understanding conflicts that can result from cross-cultural misunderstandings.

- Recommendation: Hiring from other Asian cultures is an excellent way to foster diversity in the workplace in China and reduce the Eastern versus Western mentality. According to one manager, “We bring in professionals from Hong Kong, Taiwan, South Korea, and India, and we find that this creates a work environment that is creative and less susceptible to group think; otherwise we find that work environments can become cliquish with only Chinese workers.” Diversity can also help multinational organizations implement human resource policies that work on a global basis.

Conclusion

Professor Serrie’s six principles were revisited by Eckerd College students as they met with multinational organizations. Although these principles still illustrate the most fundamental and problematic cross-cultural differences between American and European approaches to management and Chinese practices, many principles are still relevant while others are not.

One of the universal truths about culture is that it is not static but it is ever changing. Chinese society, like all cultures, has changed as political, technological, economic, and social forces influence this country. Certainly many of these environmental factors have changed China in the 30 years since Serrie’s research began. It is fascinating to see how these changes are influencing a new generation of Chinese managers in areas of international business and diplomacy.

The Chinese still stress the importance of human relationships and *guanxi* but are influenced today by the results of free market systems around the globe and understand the importance of legal agreements such as contracts.

The Chinese are still concerned with correct social behavior, although younger generations are taking on more aggressive and competitive traits of winners and high achievers found in other cultures.

The Chinese still have a strong respect for those with high credentials, including degrees and honors associated with a highly educated society. But sinecure is slowly becoming secondary in importance to merit as a basis for reward and promotion among Chinese today. The mindset of

this group is based on a quest for individualism and self-promotion as a way to achieve success and to win. And today, that success is all about making money and buying things that show this success. A modern apartment, a new automobile, designer label clothes, the latest in technology gadgets and communication devices were on the shopping list of every young, educated professional that we met on our visit.

With these symbols of success comes the burning desire for Chinese managers to be autonomous, self-thinking, self-assessing individuals and to enjoy a quality of life far better than their parents or grandparents. Perhaps the next century will belong to the people of China; perhaps these ambitious goals will be achieved simply out of their exuberance for life and all that life brings in the twenty-first century.

Given this evolving mindset of the Chinese manager, cross-cultural understanding is necessary. Beyond mere understanding and sensitivity to cultural differences, multinational organizations operating in China must consider these six principles in all phases of their operations. Training, compensating, motivating, and managing this new mindset must be at the forefront of every strategy, every plan, and every program that is implemented.

An interesting comment came from one global manager who saw few cultural differences in his staff, "I manage my employees here in China as I have everywhere else; believing and promoting that people respect you if you respect them." He continued, "It is important not to dwell on cultural differences, but to reach out to workers on a common ground where everyone can be productive and comfortable together. One should not focus as much on cultural differences but should seek to find common drives, common goals, and common needs to obtain success. I continue to encourage my employees to be open with their ideas, and most people have understood the importance of bringing things forward. As far as dealing with diverse workforces, I stress to my managers to challenge all of their employees to succeed in their own way." He concluded, "People want to succeed in China, and everyone here is motivated to do so."

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ABB (China) Limited

ABB is based in Zurich, Switzerland and is actively involved in virtually every application found within the electrotechnical field and leads the world in global power and automation technology (robotics). The company has over 30 offices in China and employs a workforce there of over 8,500. In 2006, China became the firm's number one revenue market with \$3.1 billion in sales. Globally, ABB employs 215,000 people in 177 countries. Annual sales worldwide are U.S. \$39 billion.

Edward Mahoney, Vice President Utility Division—USA

Concetta Nigro, Senior HR Manager—Beijing

Patrick Jung, Vice President, Power Systems Division—Beijing

Jan Bugge, Vice President, Power Systems Division—Shanghai

Tormod Gunleiksrud, President, Robotics Division China—Shanghai

Marriott International, Inc.

A leading lodging company with nearly 2,900 properties in the U.S. and 67 other countries, the hospitality chain employs 72,000 people outside the U.S., and its 400+ overseas hotels bring in (U.S.) \$1.1 billion in revenues. Well-known brands worldwide include Marriott, JW Marriott, Residence Inn, Courtyard, Renaissance, and Ritz-Carlton, to name a few. The company is headquartered in Washington, D.C., and has over 150,000 employees worldwide.

Jim Pilarski, Senior Vice President Human Resources—Washington

Sandra Ngan, Area Director of HR—China & Hong Kong

Mak Djalali, General Manager, Renaissance Yuyuan Hotel—Shanghai

Minnie Xu, Resident Manager, Renaissance Yuyuan Hotel—Shanghai

Kristian Petersen, Director Food & Beverage, Renaissance Yuyuan Hotel—Shanghai

Patrick Wang, Director of Engineering, Renaissance Yuyuan Hotel—Shanghai

Helen Chang, Director of HR, Renaissance Yuyuan Hotel—Shanghai

Freeman Ng, Director of Finance, Renaissance Yuyuan Hotel—Shanghai

Mabel Chau, Director of Marketing, Renaissance Yuyuan Hotel—Shanghai

Grace Shen, Training Manager, Renaissance Yuyuan Hotel—Shanghai

Alex Lu, Food & Beverage Trainer, Renaissance Yuyuan Hotel—Shanghai

Kurt Jin, Food & Beverage Trainer, Renaissance Yuyuan Hotel—Shanghai

Citibank (China) Co., Limited

This was the first U.S. bank to establish operations in China in 1902. Citibank currently employs 4,000 people in China, where it maintains three lines of businesses: Corporate and Consumer Banking, Software & Technology, and Data Processing. The consumer banking group now operates 21 branches in China with over 2100 ATMs. In 2006, Citibank received its Qualified Domestic Institutional Investor license. The license enables Citibank to make international investments on behalf of Chinese companies and individuals.

Brett Krause, Executive Vice President Global Transaction Services—Shanghai

Christina Antoniou, Senior Vice President Country HR Head—Shanghai

The American Chamber of Commerce China

The American Chamber of Commerce in the People's Republic of China (AmCham-China) is a non-profit organization that represents U.S. companies and individuals doing business in China. AmCham-China's membership consists of more than 2,600 individuals from over 1,100 companies and meets with U.S. and Chinese officials to discuss challenges and opportunities facing U.S. firms doing business in China.

Michael Barbalas, President—Beijing

The American Chamber of Commerce Shanghai

The American Chamber of Commerce in Shanghai (AmCham Shanghai) is a non-partisan, non-profit business organization established in 1915. AmCham Shanghai was relaunched in 1987 after a break of 38 years and is the largest AmCham in the Asia Pacific Region. AmCham Shanghai represents 1,700 companies and 3,700 individual members and is growing by an average of 90 new members per month. The Chamber's mission is to help American companies succeed in China through advocacy, information, networking, and business support services.

Brenda Foster, President—Shanghai

Jessica Wu, Director of Events—Shanghai

Shanghai Volkswagen

Located on the outskirts of Shanghai, Shanghai Volkswagen Automotive Co., Ltd. (SVW), currently has a product lineup made up of six series out of five passenger car platforms, including the popular Passat. SVW is one of the largest car-making bases in China with an annual production capacity of over 450,000 units. Established in 1985, SVW is the first car-making joint venture after China began its reform and opened to the outside world.

Bernd Leissner, Past President Volkswagen Group China

Dieter Seemann, Deputy Managing Director—Shanghai

John-Hendrik Petersen, Manager Finance—Shanghai

Bernd Pichler, Director Sales Finance & Controlling—Shanghai

Microsoft (China) Co., Limited

Microsoft (China) Co. Ltd. provides software products for computing devices in Chinese region. The company was founded in 1995 and is based in Beijing, China. Microsoft (China) Co. Ltd. operates as a subsidiary of Microsoft Corp. *Fortune* magazine estimates China revenue exceeded \$700 million in 2007, about 1.5% of global sales (Kirkpatrick, 2007).

K. Mark Stevens, Regional Business Manager Global Accounts—Shanghai

United States Consulate General/Commercial Service

The U.S. Commercial Service in Shanghai assists U.S. companies with U.S. exports to China. There are five other offices in China offering customized solutions to help U.S. companies enter and expand in the China market:

Beijing (<http://www.buyusa.gov/china/en/beijing.html>)

Shanghai (<http://www.buyusa.gov/china/en/shanghai.html>)

Shenyang (<http://www.buyusa.gov/china/en/shenyang.html>)

Chengdu (<http://www.buyusa.gov/china/en/chengdu.html>)

Guangzhou (<http://www.buyusa.gov/china/en/guangzhou.html>)

Hong Kong (<http://www.buyusa.gov/hongkong/en/>)

Kevin Chambers, Principal Commercial Officer—Shanghai

Stephen Jacques, Deputy Principal Commercial Officer—Shanghai

Beijing Organizing Committee/Games of the XXIX Olympiad

The Beijing Organizing Committee for the Games of the XXIX Olympiad (BOCOG) was established on December 13, 2001, five months after Beijing won the right to host the 2008 Olympic Games.

Wang Shilin, Deputy Director—Beijing

Ron Karolik, Games Services U.S. Olympic Team—USA

David Wei Pan, Associate Professor Northeastern State University (Oklahoma) and

Liaison to U.S. Olympic Committee—Beijing & Shanghai

China Travel Service

Specializing in China since 1928, China Travel Service is the oldest-and-largest travel group serving the region, with over 300 offices throughout China.

Richard Zhanfu Wang, Deputy General Manager—Beijing

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http://www.economist.com/blogs/gulliver/2008/06/living_the_shanghai_life.cfm, 2008.
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