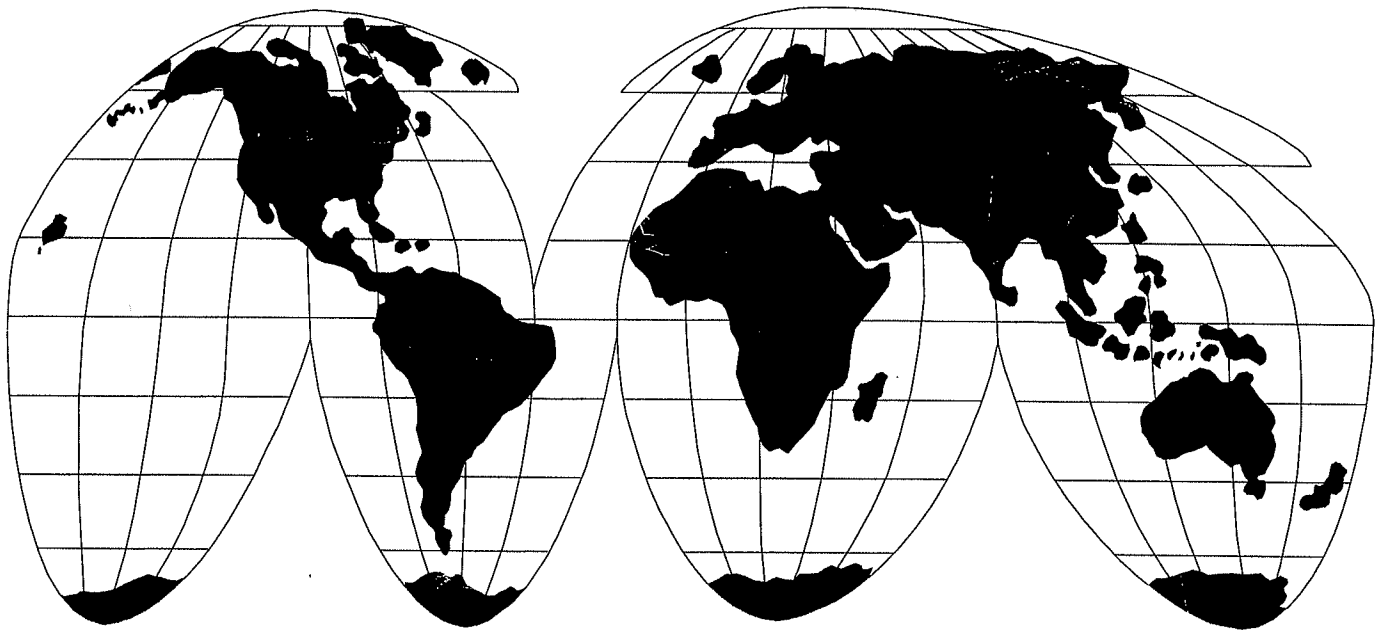


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**CORPORATE CULTURE: RESULTS OF CORPORATE CULTURE SURVEY  
OF CHINESE AND HONG KONG MANAGERS**

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**ABSTRACT**

Global corporations doing business in China must understand the culture of Chinese business to be successful. This study is based on questionnaire responses and validated with personal interviews, indicating the perception of the community and interaction with government, suppliers, and customers is high. Perceived weaknesses in the culture of their management system are planning, goal setting, and training. The study helps to point out many of the challenges that a company must consider to become successful in China. The study highlights the cultural beliefs of the Chinese and Hong Kong middle managers and workers.

**INTRODUCTION**

The culture of an organization becomes the common way of thinking about and describing an organization's internal world. It is the organization's personality which can reinforce an ethical organization. It systematically analyzes and manages all aspects of an organization to support ethical behavior. Corporate culture can convey to members that certain actions are acceptable, even when they are unethical or illegal, without saying a word.

Culture is defined as basic and enduring values and beliefs which are widely held throughout the organization. These values and beliefs comprise the content of an organization's culture and are common understandings which are frequently taken for granted and which are reinforced by stories, symbols, rituals, and language systems. Intangible and unseen but known, these values and beliefs are distinguished from the concrete or visible manifestations of culture. (Byles & Keating, 1989). Another definition is culture refers to the underlying values, beliefs, and principles that serve as a foundation for an organization's management system as well as the set of management practices and behaviors that both exemplify and reinforce those basic principles.

A culture is a template of basic assumptions that a particular group has invented, discovered, or devised in learning to deal with its problems of external adaptation and internal integration. This template has worked well enough to be considered valid, therefore it is taught to new individuals in the organization as the acceptable way to think, feel, and perceive in accordance with other problems. (Denison, 1990, p. 2). This makes understanding of the China business culture even more important.

**CORPORATE CULTURE IN CHINA**

China's business culture is unique, emphasizing group rather than individual performance. According to Tang and Parish (1996), the work environment is a unique combination of elements in socialist central planning,

traditional kinship ties, and market competition. These factors have varying consequences on employee's job satisfaction, work commitment, and work place interest articulation. There is an increased sense of accountability for Chinese managers. Chinese managers are fired if they don't perform. . . . (Ohmae, 2004, p. 75.). Other characteristics of Chinese business culture are the extensive recruitment of kinsmen. The workers have very little to say in issues related to their work, particularly in promotion, training, labor, insurance, vacation, and disciplinary action. Chinese business etiquette is conservative, restrained, and humble.

Conservative suits with subtle colors are the norm. Women should avoid high heels and short-sleeved blouses. Other rules of conduct: do not discuss business over meals, be on time, and do not point when speaking ("China," 2005, p. 3-4). Formal and conservative business attire is considered as appropriate in business engagement, especially in business negotiation, because proper dress can enhance one's professionalism and image. Suits and polished shoes are proper for both men and women, but there is a lot more variety for women's business dress such as elaborate skirts and exquisite dresses (Lin & Jones, 2005).

### **THE CORPORATE CULTURE INDEX**

The Corporate Culture Index is a management philosophy and becomes the very essence of the organization. Workers look to management to be an example of what is acceptable. It is the management's responsibility to help mold the organization.

The opportunity to recognize and measure culture gives an organization's leaders the ability to understand and, then, better manage. The Corporate Culture Index (CCI) has been developed to provide a quantitative measure of an organization's culture. It helps evaluate the management system, which creates that corporate culture. An earlier version of the CCI was developed and tested in 30 organizations. The results of that study and further research were used to refine the CCI instrument. The improved CCI was administered to managers in China. The results are presented and discussed in this paper.

A questionnaire was administered to Chinese managers with 82 completed responses. It later was compared to the Hong Kong study which had 129 completed questionnaires. Each individual's response was scored into a numerical form, and then a computer program analyzed the data. The responses were tabulated and one-way frequency tables were run for each question. The questions were then combined into 20 unique categories which make up the Corporate Culture Index. The 20 categories used to measure culture of the Chinese managers were the following: Goals, Planning, Planning Effectiveness, Morale, Performance Appraisal, Rewards, Freedom, Communication, Job Satisfaction, People, Values, Training, Teamwork, Social, Ethics, Leadership, Interaction, Benefits, Perception, and Environment. The corporate culture questionnaire for the Chinese and Hong Kong managers is in Appendix A.

### **DEVELOPMENT OF THE CORPORATE CULTURE INDEX**

The Corporate Culture Index was developed to illustrate that every organization is unique. When working with an organization, it does not take long to see how different their culture is from others. The method used for this paper is to create a negative and positive opportunity for each category. The higher the number, the more favorable the culture is on that aspect.

### **ANALYSIS OF CHINESE CULTURE**

Based on this preliminary sample, the Corporate Culture Index (CCI) score indicates an environment that will encourage organizational success. Table 1 compares the CCI scores of other studies. These results indicate the most favorable management cultures are perceived by the participants in Canada and Mexico. The lowest culture score was Hong Kong and Japan. Chinese managers scored in the lower third. Table 2 is a summary of the Corporate Culture Index for Chinese and Hong Kong Managers

**Table 1. CCI Comparison**

COUNTRY	SCORE
China.....	51.35
Mexico .....	59.75
Canada .....	59.78
Hong Kong.....	45.51
Japan .....	46.70
Malaysia.....	50.20
Russia.....	53.79
Singapore .....	50.27
Chile.....	52.20
Britain .....	50.27

**Table 2. Summary of Corporate Culture Index for Chinese and Hong Kong Managers**

TITLE	SCORE	
	CHINESE MANAGERS	HONG KONG MANAGERS
GOALS	1.6921	1.7901
PLANNING	2.3785	2.1762
PLANEFFT	2.5116	2.1900
MORALE	3.0564	2.7778
PERFAPPR	2.3257	2.1932
REWARDS	2.8218	2.4564
FREEDOM	2.4739	2.3262
COMMUNCT	2.5728	2.3264
JOBSAT	2.6808	2.3096
PEOPLE	2.6909	2.2287
VALUES	2.1712	2.2529
TRAINING	1.9520	1.9622
TEAMWORK	2.2978	2.2377
SOCIAL	2.7469	2.3934
ETHICS	2.9888	2.6520
LEADER	2.1645	1.8944
INTERACT	3.1481	2.9429
BENEFITS	2.4695	2.3934
PERCEPT	3.0324	2.9446
ENVIRON	2.0979	2.0688
	50.2728	45.5168

Chinese managers had a CCI Index of 50.27 and the Hong Kong managers had one of 45.51 (Migliore, 1993, p. 19). This would indicate mainland Chinese managers had a perceived better management culture than the Hong Kong managers.

### CONCLUSION

China is in the process of changing from a closed society to a market economy, and workers are still adjusting to the many changes. Chinese managers are experiencing many of the problems and challenges experienced by their counterparts in other economies. High on the list of needs among Chinese managers were salary, personal goals, and job descriptions. This is not unlike their counterparts in other economies.

China has the world's largest population and continues to grow in importance due to their enormous manufacturing and consumption capabilities. The process of changing to a market-driven economy will cause stress

for both workers and management. One of the greatest obstacles to entering the Chinese economy will be the government and bureaucracy of the Communist Party. While rules are being relaxed, much of the old party domination still causes problems for organizations doing business in China.

The study of corporate culture indicates that the strongest area of their management culture is the importance that they place on the well-being of their communities. Interaction between government suppliers and the community is positive. Perceived weaknesses are in the area of planning, goal setting, and the need for more training.

Chinese managers and workers will have to undo the practices installed under the great cultural revolution of the past 50 years. The Communist Party still rules the country and its economy, and as a result, change will come only as quickly as they allow it.

It is important for all trading partners to understand the dynamics of this cultural change and to cooperate with the system if they are to be successful in China. Comparing mainland Chinese managers' with Hong Kong managers' perceived culture indicated a better culture for managing in mainland China.

There are many ways to compare cultures among different countries. One of most respected is Hofstede's work. He collected surveys from 116,000 IBM employees in 39 countries and identified four values: individualism versus collectivism; large versus small power distance; strong versus weak uncertainty avoidance, and masculinity versus femininity. These values allow quantitative ability to study cross-cultural differences between countries

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APPENDIX A

SAMPLE QUESTIONS

Appendix A gives sample questions asked to develop the 20 different areas. For example, Question II. H. specifically deals with the issue of clearer goals. Each question gives the person responding the opportunity to indicate: (1) not at all, (2) slightly, (3) moderately, (4) considerably, and (5) very much so. That question, along with others, makes up category five on performance appraisal. When compiled, the other 19 areas are formulated in a similar fashion of questions and valued responses to create the possible CCI scores of zero to 100.

CORPORATE CULTURE QUESTIONNAIRE

Code Please give your honest opinion to each question. There is no right or wrong answers.  
 1-3 Your opinion is what is important. Your cooperation in filling out the questionnaire is appreciated.

I. From the list below, please rank these job goals in the order of importance to you. (Put a numeral 1 beside your first choice, a numeral 2 by your second choice, and so on to numeral 8.)

- 4 A. \_\_\_ Satisfying my boss' expectations
- 5 B. \_\_\_ Prestige and status
- 6 C. \_\_\_ Job security
- 7 D. \_\_\_ Opportunity for independent thought and action
- 8 E. \_\_\_ Higher salary, more benefits, or both
- 9 F. \_\_\_ Recognition for good performance
- 10 G. \_\_\_ Promotion to a better job
- 11 H. \_\_\_ Personal growth and development

II. I believe I would be more effective on the job if I had: (Circle the numeral to indicate answer.)

		Not At				Very
		All	Slightly	Moderately	Considerably	Much So
12	A. More job training	1	2	3	4	5
13	B. Better supervision	1	2	3	4	5
14	C. More control over my subordinates	1	2	3	4	5
15	D. Greater personal commitment to produce more	1	2	3	4	5
16	E. More clearly defined job description and duties	1	2	3	4	5
17	F. More freedom to use my own judgment	1	2	3	4	5
18	G. Better conception of how my boss evaluates my work	1	2	3	4	5
19	H. Clearer goals to work toward	1	2	3	4	5
20	I. Better understanding of organization's purpose or mission	1	2	3	4	5
21	J. Better resources (facilities, equipment, tools, etc.) to work with	1	2	3	4	5
22	K. Better team to work with	1	2	3	4	5

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