



Confucianism, socialism, and capitalism: A comparison of cultural ideologies and implied managerial philosophies and practices in the P. R. China

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ABSTRACT

This article posits that management theories and practices in the P. R. China have been influenced by three cultural forces: Confucianism, socialism, and capitalism. It explores the impact of the three ideological systems, cultural values, and beliefs on managerial philosophies and practices. It is suggested that contemporary organizational behavior and management practice in the P. R. China tend to reflect ideologies of three cultural forces.

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1. Introduction

Cross-cultural study of management, as an area of intellectual and academic study, has existed for many years. There are no lack of theories and models explaining organizational behavior and managerial practices across different cultures and unique aspects of the Chinese culture (see a comprehensive review by [Peng, Lu, Shenkar, & Wang, 2001](#)). Yet a well-developed paradigm to create coherence in cross-cultural study is still lacking. Concerns have been raised as to whether or not modern organizational concepts developed in Western culture are applicable to the Chinese context ([Chinese Culture Connection, 1987](#); [Miner, Chen, & Yu, 1991](#); [Nevis, 1983](#)). Studies on Chinese management are particularly problematic because the Chinese culture as a construct in the social and behavioral sciences is reflected in different geographic regions (e.g., Hong Kong, P. R. China, Taiwan, and Singapore) as well as in different economic and political systems. It is more troublesome for some foreign researchers to understand different economic forms in the P. R. China—private firms, state-owned enterprises (SOEs), and foreign-owned and joint ventures. Contemporary studies of organizational behavior on greater China tend to neglect cultural differences within the area and lack a dynamic perspective of cultural change ([Peng et al., 2001](#)).

Culture has long been considered one of the significant determinants for organizational behavior and managerial practice ([Hofstede, 1980](#); [Peng et al., 2001](#); [Triandis, 1995](#)). At the surge of globalization and new economics, it is crucial to understand the diversity of culture and how it impacts on management theories and practices. There is an abundance of literature on the concept of culture and cross-cultural study of organizational behavior and managerial practice ([Lytle, Brett, Barsness, Tinsely, & Janssens, 1995](#); [Peng et al., 2001](#)). One timely approach is to investigate Chinese culture and implications for management in areas conceptualized in the Western literature, such as entrepreneurial orientation ([Lee & Peterson, 2000](#); [Tan, 1997](#)), motivation ([Miner et al., 1991](#); [Nevis, 1983](#)), organizational design ([Vertinsky, Tse, Wehrung, & Lee, 1990](#)), work value and human resource management ([Pelled & Xin, 1997](#); [Ralston, Gustafson, Terpstra, & Holt, 1995](#); [Warner, 1996](#)), and strategy management ([Peng & Heath, 1996](#); [Tan, 1997](#)). Another approach is to examine certain unique Chinese concepts related to organizational behavior, such as *guanxi* ([Luo & Chen, 1997](#); [Tsui & Farh, 1997](#)) and Confucian work dynamism ([Chinese Culture Connection, 1987](#)). However, a comprehensive framework explaining organizational behavior is not readily available. Furthermore, many have believed that there is a “Chinese culture” available

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for us to conduct research on and understand. However, P. R. China is so vast and complicated that no single version of cultural description can grasp its complexity. For instance, the prevailing wisdom hypothesizes that financial incentives will have less impact on Chinese employee motivation and productivity than on their American counterparts (Earley & Singh, 1995; Pelled & Xin, 1997). This hypothesis is based on the belief that a masculine cultures tend to have greater demands for remuneration. Contrary to the above hypothesis, empirical evidence shows that the Chinese prefer differential reward rules, and are more economically oriented than are the more humanistically oriented Americans (Chen, 1995). Due to the dramatic reforms and changes that have occurred in China, Chinese culture is changing, and it has multiple facets. In other words, we need to study several dominant cultural forces and explore how these forces have influenced managerial philosophy and practice in today's mainland China.

In this paper, I will first identify key cultural dimensions that influence philosophy and practice of management and organization in contemporary Chinese society. Second, I will use P. R. China as an example to illustrate the influences of cultural ideologies on management practice and organizational behavior. It is posited that culture is a dynamic and fluid concept and that all cultures are changing at different speeds in different directions. I will identify ideological differences, cultural values, and beliefs among three dominant cultures—traditional (Confucianism), socialism, and capitalism. Third, I suggest that contemporary organizational behavior and managerial practice can be understood through dynamic relationships among three cultural forces. I will base my argument on observations and secondary analyses in a “hybrid form” (Earley & Singh, 1995).

2. Cultural forces and their impacts

2.1. Cultural and cultural dimensions

What is culture? Culture is one of the key concepts for understanding international or cross-cultural studies of organizational behavior and managerial practice (Maznevski & DiStefano, 2000; Peng et al., 2001). Culture has been generally conceptualized as a complex set of norms, values, assumptions, attitudes, and beliefs that are characteristics of a particular group (Lytle et al., 1995). Triandis (1993) maintains that culture is the group's strategy for survival and it constitutes the successful attempt to adapt to the external environment. It is generally accepted that culture represents “software of mind” (Hofstede, 1991, p. 3) rather than hardware. For the purpose of consistency, I define *culture as a complex set of beliefs, values, and social norms shared by a group of individuals*. Here, culture is regarded as a complex system with three interrelated sub-systems: values, beliefs, and social norms.

The above definition of culture, as a social construct with three major components, attempts to clarify potential confusion around the concept. There have been many conceptualizations of culture in various forms and terms. Among the reasons for this diverse conceptualization of culture and cultural dimensions is the lack of an agreeable definition of culture itself. An ordinary definition of culture normally consists of many interrelated terms. The current definition posits that there are three basic components of culture: values, beliefs, and social norms. According to Kluckhohn (1951), “A value is a conception, explicit or implicit, distinctive of an individual or characteristic of a group, of the desirable which influence the selection from available mode, means, and ends of action” (p. 395). A belief is an explicit conception that has been viewed as a representation of reality, while social norms are conventions, habits, and behaviors of individuals or groups evident in their daily lives. The above distinction among the three concepts, values, beliefs, and norms, suggests that culture consists of three distinctive but interrelated components. The values component reflects what is important for an individual or group of individuals. A value system distinguishes good from bad, right from wrong, and “ought to” from “ought not to.” The beliefs component indicates what is true among human beings' conceptions, and distinguishes this truth from falsehoods. The norms component consists of unspoken conceptions about behavior in daily practice. For instance, one expects to use chopsticks rather than a fork and knife when dining in a Chinese restaurant in Beijing. Rokeach (1973) compared the relationship of values to an individual's belief system and definition of self. He contends that values imply a preference pattern and a conception of preferability. Values emphasize the desirable rather than something that is merely desired.

What are culture dimensions? Because culture is a complex concept, and there are many ways to define and examine this concept, it is necessary to break the complex concept into explicable and operational dimensions. The dimensions are used to reflect different aspects of the construct of culture. Here, dimensions are referred to as “components that cannot be easily subdivided into additional components” (Bollen, 1989, p. 180). Tayeb (2001) points out that breaking down culture into its constituent dimensions has certain merit in facilitating cross-cultural studies. There are many approaches to define cultural dimensions and to study cultural differences. Kluckhohn and Strodtbeck (1961) suggest six cultural orientations: (1) relation to environment; (2) relationships among people; (3) human nature; (4) activity; (5) time; and (6) space. Perhaps one of the most popular classifications of cultural dimension is that proposed by Hofstede (1980). Based on factor-analytic techniques with a dataset from employees of a multinational company, Hofstede (1980) suggested four dimensions underlying organizational behavior: power distance, individualism, masculinity vs. femininity, and uncertainty avoidance. A fifth dimension, long-term orientation, was added later (Hofstede & Bond, 1984).

Organizational behavior and managerial practice, which tend to be the subjects of many cross-cultural studies of management, can be regarded as sub-dimensions of social norms because they are reflective of certain behavioral patterns within organizations or societies. Consequently, the following analysis on cultural dimensions will focus on two major cultural systems—values and beliefs. Table 1 lists several basic cultural dimensions within two subsystems.

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