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Managerial philosophy of Chinese CEOs in modern business: A cross-cultural study

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Abstract Contrasting between the Hofstede cultural dimensions and the philosophical constituents of Confucianism, this study discloses the idiosyncrasy and incongruence of the leadership and stakeholder management of Chinese corporate executive officers (CEOs) across mainland China, Hong Kong, and Taiwan. As supported by the dialogs from 54 pan-Chinese corporate leaders, such peculiarity is perceptible thanks to the practical variation in respective local culture in that mainland Chinese CEOs are more autocratic and power-lopsided, emphasizing Confucian loyalty and ritual/propriety; Hong Kongese CEOs are hierarchical but flexible, accentuating Confucian loyalty and integrity, and the leaders of Taiwan are alternatively modest and less patriarchal, avowing the importance of Confucian integrity, righteousness, and humanness. For business practitioners around the world, a fundamental but thorough understanding of such cross-cultural managerial dissimilarity is crucial not only to enrich one's inter-personal and inter-corporate experience, but also to prosper mutual corporate relationships and business capacity.

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1. Introduction

The managerial philosophy of a corporate executive is commonly shaped by both organizational values and national culture (Byrne & Bradley, 2007; Marcus & Smith, 1998; Muenjohn & Armstrong, 2007; Oh, 2004). For most Chinese corporate executive officers (CEOs), everlasting

Confucianism is highly valued as one of the most important philosophical guidelines for corporate operational and strategic management. Especially important are the Confucian teaching on *loyalty* and *filial piety*, *humaneness*, *righteousness*, *propriety/ritual*, and *integrity*, among other merits (Ang & Low, 2012; Brooks, 1998; Cheung & Chan, 2005; Dong & Lee, 2007; Dragga, 1999; Romar, 2002; Zhang, Chen, Liu, & Liu, 2008). Western cultural researchers such as Hofstede (2001) agree that, generally, Confucian moral teachings lead Chinese business culture to be long-term oriented, hierarchical and power-lopsided, harmonious and

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group-centered, less uncertainty tolerant, and masculine and patriarchal (Cheung & Chan, 2005; Dong & Lee, 2007).

As business becomes ever more global and the economic role of broader China – mainland China, Hong Kong, and Taiwan – continues to grow, it becomes increasingly likely that business people around the world will, at some time, work with or under Chinese executives. It is generally agreed that effective leadership and corporate management rely on the executive's vision, his/her enduring drive, and his/her persistence to follow through and carry out the vision (Hopkins & Hopkins, 1999; Jones, 2012). As these attributes are shaped in part by national culture, it is essential to understand the cultural influences on an executive's managerial behaviors (Cheung & Chan, 2005). Across broader China, most CEOs practice their managerial tactics on one hand adhering to cross-border common cultural characteristics rooted from Confucianism and on the other hand reflecting the respective local peculiarity and idiosyncrasy. Success for a non-Chinese person working with his/her Chinese counterparts would depend heavily on how well the non-Chinese understands the Chinese style of leadership. An appropriate understanding of general Chinese culture and the unique local divergences could not only enrich one's inter-personal and inter-corporate experience, but also could strengthen mutual corporate relationships and business capacity (Byrne & Bradley, 2007; Sarros & Santora, 2001).

The purpose of this study is to help business practitioners around the globe understand the managerial philosophy and leadership of pan-Chinese corporate executives through evaluation of the Hofstede culture dimension and the Confucian moral standard. Its comparative analysis offers broad perspectives as to how these executives' managerial behavior is shaped and influenced. The methodology of this paper is applied and qualitative, based on published interviews of CEOs across mainland China, Hong Kong, and Taiwan. The entire study is structured with the introduction in Section 1, followed by the analysis of Western and Eastern cultural paradigms. Section 3 provides regional cultural comparisons. The analytical method is summarized in Section 4, followed by the empirical finding and discussion in Section 5. Conclusion in the last section completes the study.

2. Cultural analysis: doctrine of the west and the east

2.1. Hofstede framework of culture

The Hofstede framework pioneers comparative cultural study as a Western analytical paradigm. Its classical measure includes the assessment of (1) *time perspective and orientation*, with which a society with long-term orientation usually implies higher levels of willingness to present sacrifice, materialistic achievement and wealth accumulation. In contrast, a low score tends to endorse a short-term cultural perspective that may produce impatient future savings, a relatively stress-free lifestyle, and less material gain. (2) *Individualism versus collectivism*, with which a culture with a high score spells individualistic importance. It tends to be self-interest driven, has loose ties with others, and values individual freedom, hard-work, innovation, and creativity. A

collective culture with a low score, on the other hand, indicates in-group integration, de-emphasis of self-image and self-importance, and appraisal of communal goal accomplishments. (3) *Level of power distance*, with which a society that accepts power inequalities among its people tends to result in a higher score. With such an attitude, a hierarchical relationship is evident within the family and/or in the work environment. The hierarchical power is mostly nurtured by prestige, force, and inheritance (Dong & Lee, 2007). A low-indexed culture possesses lower power distance, which promotes the gratification of equality among people. Organizational hierarchy is not fortified. (4) *Degree of uncertainty avoidance*, with which a high score indicates that a society is strongly uncertainty preventive, which implies a more risk-adverse and conservative societal behavior. Formal and rigid rules tend to be supported and implemented to lower the level of possible anxiety due to uncertain and ambiguous situations. A low score appears in a culture where situational flexibility of laws and regulations is maintained. Different thoughts and ideas are relatively appreciated and ambiguity is also tolerated. Lastly, (5) *masculinity versus femininity*, with which a high-indexed (i.e. masculinity) society encourages competition and rewards success. It has a tendency of patriarchal dominance. Nevertheless, a feminine society in a low scoring culture discourages assertive and competitive practices. Caring and modest behavior and the emphasis of quality of life are prevalent and admired (see Hofstede, 2001).

2.2. Confucius teaching of chinese culture

As embedded in Chinese culture, Confucianism establishes a pivotal system of ethics accentuating the importance of loyalty, reverence/filial piety, humaneness, righteousness, propriety/ritual, and integrity, among other philosophical elements (Lau, 1979; Brooks, 1998).

Loyalty and *filial piety* are equivalent as the greatest virtues in Confucianism but in a dissimilar prospect. Loyalty emphasizes the interpersonal association with the implicit practice of hierarchy within the social classes. In a government, especially, subordinates pay respect and follow commands of the ruler, whereas within a family one is advised to be loyal to his spouse and friends. Filial piety stresses the high reverence paid from the younger to the elders as in the *five relationships* or *five bonds* – *superior to subordinate; father to son; husband to wife; the elder to the younger*, and *friend to friend* (Cheung & Chan, 2005).

Humaneness, according to Confucius, means 'loving others' (Brooks, 1998). In a political dimension, it describes the relationship between the ruler and his followers where the ruler exercises 'humaneness' by loving and being thoughtful to his subjects. Such rulership is enriched by practicing 'virtue', the moral power that promotes the governance without using physical force. The ruler is advised to be a 'gentleman', which ideally combines the qualities of saint and scholar, as opposed to the 'petty man' who is mean-spirited, greedy, materialistic, and self-centered. In Confucian society, humaneness implies altruism and benevolence, morality, promotion of others' interests, self-discipline and restraint. As emphasized by Confucius "Do not do unto others what you would not have them do unto you." (Brooks, 1998).

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