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Enterprise Culture Management in China: Insiders' Perspective

Fang Lee Cooke
The University of Manchester, UK

ABSTRACT In this paper, I review the history and current practices of enterprise culture management in China from an insider's perspective. Based on a systematic analysis of case study reports on enterprise culture published in the academic and practitioners' journals, I analysed how enterprise culture was understood and implemented in organizations of different ownership forms. I also discuss the Chinese characteristics and the influence of Western management techniques in the manifestation of Chinese enterprise culture. I argue that the configuration of Chinese organizational culture is heavily influenced by societal culture, in that there is a relatively heavier focus on relationship management than on performance management, at least based on the rhetoric of the enterprise managers.

KEYWORDS China, enterprise culture, organizational performance, ownership forms

INTRODUCTION

Since the early 1980s, there has been a growing interest in the role of organizational culture in the management of human resources and organizational performance. Writers on organizational competitiveness (e.g., Deal & Kennedy, 1982; Kanter, 1983; Peters & Waterman, 1982; Schein, 1989) have emphasized the importance for organizational leaders to develop and actively reinforce strong organizational culture. They assert that an organization which manages to integrate its cultures to engender employees' cooperation and trust is likely to gain competitive advantages over other firms where these conditions are not met (Barney, 1986; Miles & Snow, 1994; Porter, 1985).

Much of this interest in culture was sparked by Japanese business success in the 1970s, which was thought to arise from competitive advantage secured through a national and corporate culture based on quality, reliability, value and service (Ouchi, 1981; Pascale & Athos, 1982; Wilkins & Ouchi, 1983). It follows that astute management of organizational culture can lead to improved organizational performance. The corporate culture approach presumes that organizational

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culture can be designed and managed by capturing the 'hearts and minds' of employees so that they internalize the organization's goals and values and become self-disciplined and motivated (Legge, 1994; Wilson, 1999). It is argued, therefore, that a key function of human resources management (HRM) is to create and maintain a 'strong' organizational culture that supports the strategic direction of the business (Armstrong, 1987; Gennard & Kelly, 1994; Huselid, 1995; Legge, 1989). Organizational culture is seen as a social glue (Alvesson, 1995) that provides meaning, direction and mobilization (Kilmann, 1985). It enacts an all-encompassing vision of what the organization wishes to be and offers 'a possible sense of direction for its members' (Ogbonna & Whipp, 1999, pp. 77–78) to create 'advantage-creating capabilities' (Chan, Shaffer, & Snape, 2004, p. 21).

Recent studies on HRM and performance in Asia Pacific countries and regions also suggest that managing human capital and organizational culture brings positive returns in firm performance. Examples of these studies include Bae and Lawler (2000) on Korea, Björkman and Fan (2002) on China and Chan et al. (2004) on Hong Kong. As organizations worldwide are increasingly facing performance pressure, many are actively seeking ways to enhance their competitiveness. It is in part under this pressure that enterprise culture management has gained popularity in China as it embarks on its journey toward a market economy.

There are a growing number of studies in Western literature related to organizational culture management in China. Some of them explore organizational culture as part of the wider study of HRM in China (e.g., Björkman & Fan, 2002; Gamble, 2003). Others investigate the relationships between leadership style and organizational culture (e.g., Tsui, Zhang, Wang, Xin, & Wu, 2006a; Xin, Tsui, Wang, Zhang, & Chen, 2002). Earlier studies on Chinese culture in Western literature mainly focus on the perceived traditional Chinese cultural values that are claimed to be specific to the Chinese people, for instance, that of *guanxi*, face and social harmony (e.g., Biggart & Hamilton, 1997; Child, 1994; Hofstede, 1984). More recent studies provide more detailed discussion of the configuration of organizational culture in Chinese firms and examine the similarities and differences between the Western and Chinese practices of organizational culture (e.g., Tsui, Wang, & Xin, 2006b; Xin et al., 2002).

However, these studies are what Tsui (2006) refers to as an 'outside in' perspective of the organizational culture phenomenon in China. Missing from this literature is the 'inside out' analysis of the rationale, form and substance of organizational culture. Yet, there is a bourgeoning body of enterprise culture management literature written by Chinese academics and practitioners in the Chinese language and published in China. These works may offer some valuable insight to the ways in which Chinese leaders perceive, configure and manage organizational culture. Using this resource, the purpose of this study was to offer an account of the insiders' reality of organizational culture. I first briefly describe the history of enterprise culture in contemporary China. Then, I report the empirical

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study using insiders' reports of enterprise culture. I discuss the findings to show the influence of Chinese culture as well as modern management practices. Lastly, I discuss the limitations of the study and implications of the findings.

ENTERPRISE CULTURE MANAGEMENT IN CHINA

'Enterprise culture building' is undoubtedly one of the, if not *the*, latest popular management phrases in China. However, the practice of enterprise culture building is nothing new in China. Some large and super large state-owned enterprises (SOEs) have long developed their own management philosophy, dating back to the early 1950s when they were often promoted as model enterprises by the state, such as Anshan Steel Factory and Daqing Oil Field. In particular, '*Angang* [Anshan Steel] Constitutions' and 'Daqing Iron Man Spirit' have been symbolic of enterprise cultural values and congruence, albeit under different names. Similarly, as Chan (1995) observed, many so-called 'Japanese management techniques' adopted by the Chinese enterprises, such as morning briefings, had existed in China before. As we shall see from the data analysis below, traces of these earlier cultural management practices are found in the current enterprise culture management, particularly in the SOEs.

Enterprise culture building in China can be broadly divided into three periods since the founding of socialist China (Li & Bai, 2000). The first period was between 1949 and the end of the Cultural Revolution around 1976, although in this period the phrase 'enterprise culture' was not used. Enterprise culture of this period was predominantly about setting and following behavioural norms with a lot of publicity bestowed on the 'role model' organizations. These were usually super large SOEs exhibiting 'good practices'. Honesty, diligence, endurance of hardship and thrift were widely promoted as guiding values. Employees were expected to care for their enterprise as their own home. Being state owned, these enterprises were heavily controlled by the Chinese Communist Party. The Party played, and still plays, a crucial role in shaping enterprise culture and management style in the SOEs, particularly in ideology education and motivation of the workers. During the Cultural Revolution (1966–1976), many of the operational activities in enterprises were disrupted, although the gist of enterprise values remained the same. A major difference was that skill training and productivity enhancement activities were ignored and loyalty to the Party was far more heavily emphasized.

The second period was between the early 1980s and mid-1990s when people were given increasing freedom to pursue material wealth in the early years of the economic reforms. Entrepreneurship was encouraged. This new found freedom led some organizational leaders to pursue their own interests at the expense of the organization, causing discontent within the workforce. A materialistic culture prevailed in all types of organizations, including those in the SOEs, with employees

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exerting pressure on their leaders to seek opportunities to top up their wages (Cooke, 2004a; Takahara, 1992).

The third period began in the mid-1990s when Chinese enterprises were under increasing exposure to what were perceived to be the 'best practices' of multinational corporations (MNCs), international joint ventures and domestic role models. 'Enterprise culture' as a management technique gained popularity along with other management techniques. The establishment of the China Research Institute of Enterprise Culture in 1988 (*Chinese and Foreign Corporate Culture*, 2001) as a national academic research legal entity is evidence of this enthusiasm. Its main functions are to organize conferences, seminars and the publication of research reports and case studies, in addition to providing consultancy advice to organizations on building and developing culture. *Chinese and Foreign Corporate Culture* is its house journal aimed at both academics and practitioners. An increasing number of enterprise culture research associations have also been established at provincial or local level. Their functions are to share experiences and disseminate good practices.

In spite of the enthusiasm of both organizational leaders and academics in China in promoting enterprise culture as the new cure for all enterprise diseases, few systematic studies have been carried out to establish what its main characteristics are, how it is perceived to work and what might be the differences across different organizations. This study addresses this void by analysing published case reports of enterprise culture management written by Chinese academics and practitioners.

The examination of the body of literature on enterprise culture management written by Chinese academics and practitioners in China is an important exercise for two reasons. First, it offers an opportunity to learn the insiders' perspective on the meaning of organizational culture, a response to the appeal by Tsui (2006) for an inside-out approach in Chinese management research. Second, it provides the bases to explore whether or not organizational culture differs in different contexts from the insider perspective, as has been found in the outside-in studies in the past. Studies by Xin et al. (2002) and Tsui et al. (2006a) have used Schein's (1989) framework to identify dimensions of organizational culture in Chinese firms and foreign firms in China. Not surprisingly, the dimensions derived from the outside-in approach have some overlap with those reported in the Western literature. The current study explored whether or not the same dimensions would emerge based on the inside-out approach when analysing Chinese enterprise culture. Using the logic discussed in Tsui et al. (2006a), I also investigate if enterprise culture varies as a function of the ownership type of the firm.

METHOD

The data for this study are published case reports on the implementation of enterprise culture. Publications in the Chinese language in China are my primary empirical data. A key phrase 'enterprise culture' was used to search for journal

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articles from the China Academic Journals (CAJ) database[1] for the period from January 1994 (the earliest available year from CAJ) to December 2003. A total of 421 articles were collected that contained the phrase 'enterprise culture'.[2] I sorted all the articles into four major categories.

1. Empirical case study reports of enterprises that have implemented enterprise culture management. A total of 124 articles were allocated to this category. Articles in this category were the main source of empirical data used for this paper.
2. Snap shot news items and journalistic reports on enterprise culture management. Information contained in these articles include, for example, reporting of conferences on enterprise culture management and the announcement of the establishment of enterprise culture research associations and their activities. This category of publications (a total of 78 pieces) provided supplementary information to enhance my general understanding of the state of affairs in enterprise culture management in China, but they were not used directly for the analysis contained in this paper.
3. Academic articles on enterprise culture management. A total of 83 pieces were allocated to this category. They are mainly non-empirical pieces (although empirical examples are sometimes cited) that focus on: the prescription of organizational culture as a foreign management technique; how to implement it and its benefits; a speculative summary of the state of affairs in enterprise culture management; and the small number of more serious discussion pieces on the subject. They are aimed primarily at practitioners and the educational market. These articles range from basic introductory texts to the more advanced critique/analysis of enterprise culture management in China. The latter, together with the Western literature that I have consulted on the subject, has informed the literature review and analysis sections of this paper;
4. Others. The remaining 136 articles cover enterprise culture management briefly as part of the discussion of other management or organization issues. These publications were not useful for the purpose of this paper.

After an initial analysis of the 124 case study articles in the first category, 82 articles were selected for further analysis (see Table 1). The remaining 42 articles were left out either because they did not provide sufficient details on the content and implementation of the initiative or because the reports sounded too good to be true, although this does not necessarily mean that the others were all honest and accurate reports of what took place in the case study organization. It must be acknowledged here that the decision to include or exclude a particular article for further analysis is somewhat subjective and based on my own judgment. However, given that the intention of the paper was to explore rather than to generalise, I felt

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Table 1. Initial coding difference between two coders and final agreement

Coders	*Employee welfare No. of cases*	*Employee entertainment No. of cases*	*Productivity & quality enhancement No. of cases*	*Enterprise external relationship No. of cases*	*Enterprise procedural management No. of cases*	*Skill training, education, ideology, other HRM No. of cases*
Coder 1	29	45	61	47	38	74
Coder 2	27	43	63	48	39	76
No. of cases agreed – initial	27	42	60	45	37	72
No. of cases finally agreed	30	45	64	48	40	77

Note: Entries are number of cases reporting one or more activities within each of the six major categories. Number of cases in final agreement can be greater than the number of cases by each coder because a coder could agree to add one or more cases after discussion.

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that it was better to apply a strict criterion in selecting the articles to keep the data pool to a minimum number of useable articles. Of the 82 articles selected, 69 were published after 1996 and the other 13 were published between 1994 and 1996. Sixty-five articles were published in *Chinese and Foreign Corporate Culture*, the house journal of the China Research Institute of Enterprise Culture. The other 17 articles were published in academic or practitioners' journals, e.g., *Hunan History of the Communist Party*, *Science and Technology Progress and Policy*, *Railway Transportation and Economy*, *Sinopec*, *Journal of Northwestern Polytechnic University (Social Sciences)* and the *Journal of Yanbian University (Social Sciences)*.

These 82 articles were case study reports of companies. The managers of the companies that had implemented enterprise culture management wrote the majority of the cases. Nine reports were written by authors (e.g., journalists or academics) external to the company. Reports were mostly brief narratives of what elements of enterprise culture had been adopted and implemented, occasionally spiced up with examples and how these have led to improved performance and employee motivation. Put together, these reports provided a level of knowledge of the content, nature, impact and dynamics of enterprise culture management in China, albeit very much from the perspective of the company managers who were likely to be the champions of the initiative. As Alvesson (1995) notes, 'Changes are viewed through managerial lenses and the understanding of cultural change which emerges is, to say the least, selective and may be misleading' (p. 29) and 'the instrumental and normative bias is especially strong in the study of (cultural) change' (p. 28). In addition, as Yin (1994) noted, the judgmental and subjective nature of many case studies leads to considerable difficulties in establishing construct validity. Therefore, it must be pointed out at the outset that the findings reported here may be potentially biased because of the tendency to report more successes than failures. However, the problem is not insurmountable because my interest is not in relating culture to success but to understand how managers construe culture and what key cultural values can be detected from these insiders' accounts.

Data Coding

When coding the case study reports, a table was used to record the year of publication, type of industry the case study firm was in, ownership form and types of enterprise culture activities reported. The activities were categorized into six emergent dimensions (see Table 2). They are: employee welfare, employee entertainment, productivity enhancement, enterprise external relationship/image, enterprise procedures and rules and employee development. This categorization was informed by and expanded from Mu and Bi's (1994) observations in which they pointed out that there are three types of enterprise culture in China: material culture, procedural culture and ideological culture. However,

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Table 2. Categories of activities in the Chinese enterprise culture management

Typology	*Examples of activities reported in the articles*	*Total No. & % of firms (n = 82)*		*No. & % of SOEs (n = 50)*		*No. & % of MNC/JVs (n = 6)*		*No. & % of non-state-owned firms (n = 26)*	
		n	*%*	*n*	*%*	*n*	*%*	*n*	*%*
1. Employee welfare	Total	30	37	20	40	1	17	9	35
	• Improving living and working conditions	22	27	13	26	1	17	8	31
	• Visiting employees' families in mourning and in hardship, hardship fund	13	16	7	14	1	17	5	19
	• Wedding and birthday gifts for employees	5	6	4	8	0	0	1	4
	• Transport for work	5	6	5	10	0	0	0	0
2. Employee entertainment	Total	45	55	28	56	1	17	16	62
	• Arts/theatrical/festive performance/competitions	29	35	14	28	1	17	9	35
	• Entertainment/cultural activities/games room/clubs	30	37	16	32	0	0	14	54
	• Sports events	24	29	13	26	0	0	11	42
	• Library/newspaper/magazines	10	12	5	10	0	0	5	19
3. Productivity enhancement	Total	64	78	39	78	5	83	20	77
	• Quality enhancement schemes (e.g., ISO 9000 series)	39	48	22	44	3	50	14	54
	• Employee involvement	11	13	6	12	1	17	4	15
	• Suggestions schemes	16	20	6	12	2	33	5	19
	• Customer care schemes	23	28	11	22	2	33	6	23
	• Innovation initiatives	25	30	12	24	1	17	9	35

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4. Enterprise external relationship/ image	Total	48	59	30	60	1	17	17	65
	• Enterprise image (e.g., company physical layout, uniform, logo)	30	37	21	42	0	0	17	65
	• Donations, charity events	11	13	6	12	1	17	6	23
5. Enterprise procedures and rules	Total	40	49	25	50	3	50	12	46
	• Employee handbooks, operational and workplace behavior procedures, etc.								
6. Employee development	Total	77	94	47	94	5	83	25	96
	• Skill training	30	37	21	42	1	17	8	31
	• Education and life-long learning	7	9	5	10	1	17	1	4
	• Talent & competence management	12	15	6	12	1	17	5	19
	• Moral teaching	25	30	17	34	1	17	7	27
	• Role model	18	22	13	26	1	17	4	15
	• Diligence	11	13	8	16	0	0	3	12

Notes:

(1) Entries are number of firms (percentage of total number of firms in each ownership type or overall total) who adopted each activity. For example, 30 firms (37% of 82) mentioned one or more of the activities in the 'employee welfare' category and 22 firms (27% of 82) mentioned the 'improving living and working conditions' activity in their firms. (2). There was a total of 82 articles, with each article reporting the culture of a firm; 69 (84%) came from the secondary sector (e.g., manufacturing, construction, energy, railway); 13 (16%) came from the tertiary sector (e.g., telecom, finance, commercial shops). (3). Six of the 82 firms were foreign-owned or international joint ventures, 50 were state-owned, 26 were in other ownership forms including share ownership, privately owned and township and village enterprises (and nine were ex-SOEs). No suitable articles on public sector organizations were found.

(2) SOE, state-owned enterprise; MNC, multi-national corporation; JV, joint venture; ISO, International Organization for Standardization.

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I found that there were clearly more types of enterprise culture activities reported in the 82 cases than were observed in Mu and Bi's (1994) paper. This was in part because the vast majority of the case study reports were published after 1994. As the enterprise culture initiative became more popular as a new management technique, its content became more developed. In addition, quality initiatives and other management techniques have become popular since the mid-1990s and the notion of HRM has become popular in China since the late 1990s. These initiatives found their way to becoming part of the package of enterprise culture management.

When reading the case study reports, I found most of the culture building activities seemed to fall into the above six categories. I therefore used these six categories to record firms' activities. Since the primary objective of this paper is to seek an insider's understanding of enterprise culture, I felt that it was important to use the emergent categories instead of a pre-defined template of activities. I went through each case study to identify the activities that were reported as enterprise culture building and recorded them in the table. Similar activities reported were grouped under a category. A phrase or short sentence was used to record each activity to provide details for the findings and discussion section. The cell remained empty if no activity was reported on a certain category by a company. Notes were also taken on the methods of implementation, quotations, unique examples and other key characteristics that were deemed useful for understanding the development and management of enterprise culture.

According to Bailey (1994), a typology is a form of classification. It is 'generally *multidimensional* and *conceptual*' (Bailey, 1994, p. 4, original emphasis). Each category is a dimension, which plays a particular role in enterprise culture management. There are several related activities under each dimension. Using key phrases or short sentences to record the activities into different categories is in line with what are described by Miles and Huberman (1994, p. 57) as 'descriptive codes'.

To check the reliability of the coding (Miles & Huberman, 1994) done by me (Coder 1), a second coder (Coder 2) was deployed to code the data by adopting the six categories developed by Coder 1. After Coder 2 did the coding, the coding differences between the two coders were reviewed. Coding records were compared, discussed and finally agreed. Table 1 shows the results of the coding by each of the two coders and the total number of agreed cases that practice each category of culture building activities.

Table 2 provides the detailed coding results for the 82 cases, as well as for each of the three types of firm ownership on each of the six categories of culture activities. For each category, I provide the most commonly mentioned activities and the number of cases or firms that reported the activity. The percentage of firms, relative to the total number of firms, practicing the activity is also given.

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RESULTS

Six Dimensions of Enterprise Culture Management Activities

Employee welfare. This dimension of enterprise culture is welfare oriented. It focuses on the material welfare and physical wellbeing of employees. Attention is paid to improving employees' quality of life by improving their living standards and working conditions, usually through bonuses, subsidized canteens, transportation to work, health-care provision and better working and living environments. Some firms also extend their welfare activities to sending employees birthday presents, visiting them when they get married or when there is a death in the family and providing hardship funds to employees whose families are going through a period of difficulty. The objective of this is to alleviate employees' non-work-related worries and let them feel the warmth of the company so that they can concentrate on their work.

Employee entertainment. This includes a series of workplace entertainment provisions. Examples include sports events, arts competitions, theatrical performances, local festive competitions, holiday trips, libraries, games rooms, literary clubs, match-making and fashion shows. Again, these activities are aimed at enhancing the employees' quality of life in order to retain and motivate employees. Compared with the employee welfare activities, these activities are aimed at fulfilling the higher level of needs of employees. While some enterprises provide these activities to enrich their employees' leisure lives, others have a more sophisticated agenda – to influence the ideological development of employees so that they conform to the enterprise's cultural values. This is achieved by sanctioning the content of the activities.

Productivity enhancement. Under this category, enterprise culture management activities include quality improvement schemes (e.g., ISO 9000), problem solving teams, innovation, employee involvement and suggestion schemes, continuous improvement of plant and production processes and customer care initiatives. Skill and craftsmanship competitions, quality and productivity competitions and technical collaborations are promoted in order to raise the skill levels and productivity of employees as well as the quality standard of products.

Enterprise external relationship/image enhancement. Activities in this category are aimed at portraying a desired external image of management style, employees' behaviour, product and service quality and ultimately the image and reputation of the enterprise. These are achieved through a range of proactive enterprise image building activities involving the participation in local public events and competitions, charity functions, sponsorships and donations, trade fairs and exhibitions, media publicity and collaboration with other enterprises. Enterprises also invest heavily in

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enhancing the physical layout of the workplace through uniforms, badges, logos, modern buildings, trendy refurbishment and well-maintained gardens. These activities are also aimed at enhancing the employees' identification with the company, making them proud of being an employee of, and becoming more committed to, the company.

Enterprise procedures and rules. This is implemented mainly through the systemization of workplace procedures and regulations, including job analysis and description, performance targets, training manuals, reward and disciplinary procedures, health and safety procedures, operational guides and other specifications of behavioural norms in the workplace. The formalization of operational procedures is a requirement of the ISO 9000 series (15 firms had ISO accreditations). The objective of these procedures and rules is to ensure that employees' behaviour conforms to the enterprise's regulations and that the responsibilities of each individual are clear. Some companies are well aware of the fact that this represents a hard approach to eliciting required employee behaviour and that this approach needs to be coupled with a softer approach to gain the acceptance of employees. At least 11 companies mentioned that this hard discipline approach needs to be supported by employee welfare activities and entertainment to demonstrate the caring side of the company to win the hearts of employees. They recognize the need to use emotional intelligence through employee care programmes to establish a two-way emotional communication, as observed by Chen and Lin (2002).

Employee development. There are two aspects to employee development. One is the development of the technical skills and educational standards of employees. These are usually carried out through skill training to raise employees' technical competence and general educational courses to enhance their qualifications. The other is the development of employees' ideological thinking and behavioural norms. This is usually achieved by setting role models, moral teaching of the socialist and enterprise values and enterprise history education to new employees. It is believed that these measures will enhance the consciousness of the workers and shape their ideology and behaviour in line with that promoted by both the socialist state and the enterprise. This dimension of cultural activity is by far the most frequently adopted among the sample companies (e.g., 94 percent by SOEs and 96 percent by the non-state-owned Chinese firms). It is worth noting that companies, particularly Chinese-owned companies, are oriented towards the moral education aspect of employee development as much as technical skill training and education for enhancing employees' competence. While 49 activity schemes are related to skill training, education and life-long learning and talent and competence development, 54 activity schemes were on moral teaching and the promotion of role models and diligent attitudes (see

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Table 2). This aspect of employee development carries strong Chinese societal values as well as socialist values (see below for further analysis).

Ownership Characteristics in the Adoption of Enterprise Culture Activities

The analysis of the case study articles suggests that the choice of enterprise culture management activities appears to be closely related to the characteristics of the enterprise itself, including its history, ownership, size and business nature. The combined characteristics of ownership and business are most marked in the adoption of enterprise culture management activities. Three types of enterprises stand out in the differing ways they focus on the HR elements in enterprise culture.

The first type is the super large national model enterprises that have a long SOE history such as Daqing Oil Field. Their new enterprise culture movement is essentially a renewed emphasis and expansion of the traditional enterprise values that prevailed in the 1950s and early 1960s. Many of their enterprise culture activities are by no means new phenomena. For example, good technical/craft skills have long been emphasized and valued, often boosted through mass work force skill drills and contests. Many firms reported in the articles are SOEs that were originally model firms renowned for their cultural spirit. They are now in a second wave of innovation and re-engineering of their enterprise life. This inevitably gives an impression of 'old wine in new bottles', substituting the word 'spirit' with 'culture'. However, it may be argued that this is what has been proved suitable to their enterprise from early years and that there is no reason why they should not adopt the same content as a way to revitalise the enterprise's vigour lost in recent decades.

Large SOEs that operate in heavy industry (e.g., mining, oil refining, railways and utilities) with a relatively high level of monopoly and long product life cycles tend to promote a culture of hardship endurance, diligence, employee care, problem solving, prudence and careful long-term planning. In fact, SOEs in China have had a long tradition of extensive workplace welfare provisions until recent reforms, during which many of these provisions were curtailed. SOEs in traditional industries also emphasize political study and moral teaching. Table 2 shows that a higher proportion of SOEs adopt moral teaching, set up role models and promote diligence as a value.

But perhaps more importantly, the inherent political mindset of these SOE enterprises implicitly prevents the promotion of Western enterprise cultural jargon because it may be seen as a betrayal of the past and an admittance of internal failure, as these SOEs were once hailed as the pride of the nation and role models for the country. Since the majority of CEOs of SOEs are appointed by higher political authorities and have to operate under the legacy of the state sector, they are both more constrained by their institutional environment and influenced by the

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domestic political agenda. SOEs are also subject to the dual control of the Communist Party committee and managers, with the former heavily involved in setting the workplace political agenda. Trade unions (typically recognized in SOEs) often play an important role in these enterprise culture building initiatives, especially in employee care programmes, skill competitions and social events. This is in line with Chinese trade unions' conventional welfare role under the leadership of the Party. Consequently, the content of enterprise culture in SOEs carries strong traces of their historic background as socialist enterprises. In this sense, the finding of this paper lends support to that of Tsui et al.'s (2006a) study of the relationship between CEO behaviour and organizational culture.

The second type is the MNCs, joint ventures and high-tech private firms. They come from the 'MNCs/JVs' and 'non-state-owned firms' categories in Table 2. Compared with their counterparts in SOEs, managers in these firms tend to use more HRM language and are more exposed to Western culture and management techniques as well as technology. Many of the managers in these firms may have received higher education in Western countries. They are not afraid to use Western management language because they do not carry socialist enterprise baggage and are not constrained by an SOE growth trajectory. In fact, they need to adopt Western management jargon as a symbol of their open-mindedness and modernity. This is because the discourse of modernity carries much disciplinary power in China these days and those who do not act or speak of adopting advanced (Western) practices are deemed backward and outdated (Cooke, 2004b). They are able to borrow Western management notions and reinterpret them with Chinese meanings in composing their management practices. As we can see from Table 2, MNCs and JVs are more focused on productivity enhancement and company procedures than other types of enterprise culture activities. In short, wholly foreign-owned, joint venture and high-tech domestic firms use more management jargon, similar to one another than do traditional SOEs and Chinese private firms in traditional industries.

A third type consists of the smaller Chinese private firms in the 'non-state-owned' group in Table 2. The cultural language adopted by these enterprises may lean toward the first type or the second. Some of them make efforts to enhance their enterprise image by association with governmental organizations and other political bodies, such as the All-China Women's Federation, trade unions, Party organizations and the Youth League organization. They participate in events initiated by these organizations as the engine to drive their enterprise culture movement. Some of these leaders come from a rural background and have largely been insulated from Western ideological influence. They still have the Chinese mindset of the 1970s and early 1980s. These firms, however, are only a small minority in the case study reports. Furthermore, nine of the firms in the 'non-state-owned' group were ex-SOEs. It is not surprising that their enterprise culture management activities share some similarities with that of SOEs.

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DISCUSSION

The Influence of Chinese Cultural Characteristics on Enterprise Culture Management

Chinese culture is characterized by benevolent paternalism, masculinity, collectivism, harmony and egalitarianism (Hofstede, 1984). These seem to be the key characteristics that feature prominently in the enterprise culture management in China, as evidenced from the data. As discussed above, the content of enterprise culture management demonstrates the heavy influence of socialist values in the SOEs and Chinese-owned firms in the non-state sector. Firms in these two categories (see Table 2) have a much higher level of employee oriented activities sponsored and organized by the firm. These activities include: educational courses aimed at improving the employees' educational standards and qualifications; theatrical performances to promote national spirit; sports events; local competitions; annual tourist trips; libraries; chess clubs; literary competitions; and productivity and skills competitions (known as 'socialist labour competitions' during the Mao era). These activities are paternalistic and patriotic. The interests of the state, the enterprise and the workforce are assumed to be unified, disregarding the employment status of the employee. For example, one company report actually asserts that its employees belong to the company, regardless of temporary or permanent status, and therefore should be committed to the firm. These findings extend those in Xin et al.'s (2002) study, which reported that SOEs still carried the socialist ideology of selfless service to society in the contribution dimension of an organizational culture.

In addition, unity, congruence and harmonization are seen to be the guiding principles of Chinese enterprise culture. This reflects Confucian philosophy, which places social harmony and cohesion in a central position of social relationship. Collectivism and self-sacrifice for the collective good are emphasized, often through the motto of 'I love my country, I love my company'. Equally, diligence, contribution and responsibility to the company are promoted as the desired social values/morals instead of individual rights and rewards. As Chao (1995, p. 30) observes, 'Chinese cultural tradition fosters the internalization of self-discipline and self-restraint. These traits imply a moral obligation of one's deferential compliance to wishes of parents, elders and other seniors'. Ralston, Pounder, Lo, Wong, Egri, and Stauffer (2006, p. 73) also noted that moral discipline 'is positively related to the cultural value of "collectivism" and identifies an individual's level of self-control in relation to others, particularly regarding whether individuals see themselves as an integral part of a collective or not'. Moral obligation forms an important part of the enterprise's expectation of its employees, and this expectation is institutionalized and reinforced through its cultural activities.

It has been argued that paternalism is one of the most salient characteristics in Asian national cultures (Aycan, 2006; Pye, 1986). It is a form of relationship and an indication of the quality of the relationship between employees and managers in

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the workplace. The working of paternalism requires several behavioural ingredients: authority, hierarchy, care, obedience, loyalty and dependence. Aycan (2006) summarizes the paternalistic relationship in a workplace as one in which superiors need to create a family atmosphere in the workplace, establish close and individual relationships with subordinates, get involved in the non-work life of the subordinate, expect loyalty and maintain authority/status. In return, subordinates should treat the workplace as a family, be loyal and deferential, help the superior in his personal life if needed and accept authority. According to Aycan (2006), the paternalism in Asian cultures is that of a benevolent (dictatorship) nature. It focuses on the wellbeing of the employees, whereas the new found paternalism emerging in Western HR policies as a means to elicit enhanced employee commitment and performance is of an exploitative nature. From this point of view, enterprise culture management in China is relationship driven and may be a means as well as an end in itself. In contrast, the agenda of organizational culture management in the West may be outcome driven and, therefore, a conscientious means to an end (e.g., Denison & Mishra, 1995; O'Reilly, Chatman, & Caldwell, 1991).

The six dimensions of enterprise culture activities suggest that Chinese firms view enterprise culture more as relationship management, both internally with their employees and externally in how they are projected and perceived in the society. Four of the six culture dimensions, namely employee welfare, employee entertainment, enterprise external relationship/image and employee development are relationship oriented. In contrast, foreign firms pay less attention to these activities and focus much more on performance enhancing activities, i.e., productivity enhancement and enterprise procedures and rules.

However, a closer examination of the case study articles reveals that many enterprises are still (or stop) at the early stage of enterprise culture building. While some enterprises treat the implementation of enterprise culture as high profile organizational change and invest rather heavily in its implementation, others treat it as a cosmetic exercise. Noises are often made without any meaningful work being carried out or achieved. Many firms, particularly private ones, only focus on the visual (or, more precisely, superficial) aspects of enterprise culture. In other words, they pay much attention to the physical environment of the workplace, such as smart uniforms, badges, logos, wallpapers, meetings, celebrating activities, internal journals/newspapers, the language to be used and behavioural patterns that should be adopted. In contrast, insufficient attention is paid to the enterprise's values and operating philosophy.

The case study reports also reveal the fact that enterprise culture initiatives in some organizations may not have reached the hearts of employees. In other words, employees have not really internalized enterprise culture, and resistance from the shop floor was experienced. For example, it was reported that a factory director made a speech in a general meeting asking employees to be more devoted to the company they worked for by working (unpaid) overtime (similar to Japanese

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employees, he claimed). His employees were not impressed by his speech, pointing out that he was expecting them to give ten yuan worth of work in return for a one yuan wage. They resent the fact that they were treated like machines to make money instead of being treated like members of the organization. It is clear in this case that the factory director has violated the psychological contract with the employees and that when the relationship management and reciprocal aspect of the enterprise culture (employee welfare/care) is missing, the performance aspect of the enterprise culture will be difficult to achieve.

The Influence of Western Management Techniques in Enterprise Culture Management

While Chinese firms' enterprise culture may be closely associated with its social culture (norms and values), this does not mean that the Chinese enterprise culture management is without any influence from Western management philosophy. One key influence of Western management techniques is the quality management, one of the activities identified under the 'productivity enhancement' dimension. There has been a surge in the application and accreditation of ISO 9000 series in China in the last decade. For example, 36 out of 69 firms in the secondary sector reported having quality enhancement schemes in place. For the service sector, the notion of 'customer care' and 'customer service' is emphasized as a tangible indicator of quality. The use of the phrase 'customer service' instead of the phrase 'to serve the people' adopted during the state planned economy period is also an indication of the marketization of China's economy. This finding is also in line with that of Xin et al. (2002) which suggested that Chinese SOEs were becoming more market oriented and were beginning to develop a customer service mindset as part of their organizational culture.

Another key influence of Western management techniques is the focus on procedural management. Nearly half of the case study firms reported having procedural handbooks in place. This is often introduced as part of the quality enhancement schemes (under the productivity enhancement dimension). Some firms believe that having a clear set of rules and procedures is a good practice of Western and Japanese firms that they are imitating or learning from.

Comparison to Culture Activities from Studies Using the Outside-in Approach

This study adopts an 'inside-out' approach to explore the perceptions of organizational culture management in China. Adopting an inside-out approach enables us to compare the emergent categorizations with these from the outside-in approach and identify what and why similarities and differences exist between the two approaches. Along this line of comparison, the six categories of cultural

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activities in this study appear to reflect the six cultural dimensions reported by Hofstede (1991) – process oriented vs. result oriented, employee oriented vs. job oriented, parochial vs. professional, open system vs. closed system, loose control vs. tight control and normative vs. pragmatic. More specifically, employee welfare, entertainment and development categories are employee oriented, the productivity enhancement category is job and result oriented, whereas the enterprise procedures and rules category is normative and control oriented.

My categorization of the cultural activities seems to share a considerable degree of similarities with the organizational cultural values identified by Tsui et al. (2006a, p. 121). This suggests that there are some common elements in Chinese enterprise culture management, as shown in Tsui et al.'s paper (2006a) and this one, even though the data came from different sources and the approaches adopted to analyse the data differ (i.e., outside-in and inside out). Guided by Schein's (1989) definition, Tsui et al. (2006a) identified five organizational values/dimensions across the state-owned, private and foreign firms. They are 'harmony and employee orientation, customer orientation, systemic management control, innovativeness and outcome orientation [social responsibility]' (Tsui et al., 2006a, p. 117) The contents of these dimensions are also found in my study, albeit under slightly different category labels. For example, Tsui et al.'s (2006a) 'harmony and employee orientation' is reflected in my 'employee welfare', 'employee entertainment' and 'employee development' (employees' opinion/suggestion scheme) dimensions. Likewise, Tsui et al.'s (2006a) 'customer focus' and 'innovativeness' dimensions are similar to the 'productivity enhancement' dimension, their 'systematic management and control' dimension similar to my 'enterprise procedures and rules' dimension and their 'social responsibility' dimension contains content similar to that found in my 'enterprise external relationship/image enhancement' dimension.

Tsui et al. (2006a, p. 117) argue that firms that demonstrate 'a consistently high level of emphasis' on all the six values they identified as ' "strong culture" firms and those with a consistently low level as having a "weak culture" '. My analysis of the case study reports reveals that productivity enhancement and employee development are the two major foci of enterprises in their culture management, particularly in quality enhancement, innovation, customer care and skill upgrading of employees. This is reinforced by enterprise external image building activities. However, the general uptake of employee welfare activities by firms (37 percent) is markedly lower than that of the other five categories. This suggests that external image, productivity and quality rather than employee welfare are now the primary concerns of enterprises. In other words, enterprises appear to be more concerned with their productivity and competitiveness instead of employees' wellbeing. In addition, the majority of companies adopt three or four typologies of the enterprise culture activities rather than the full range of six categories. Among firms of different ownership forms, SOEs on average adopt more types of enterprise culture

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activities than foreign-owned/joint venture enterprises. To apply Tsui et al.'s (2006a) definition of 'strong' and 'weak' culture, the majority of the case study firms reported here can be seen as having a medium to weak organizational culture. The choice of activities suggests that companies seek to control both the performance outcome as well as the behaviour of the workforce, i.e., they are both outcome and process oriented.

In a study to develop a model of organizational culture and effectiveness, Denison and Mishra (1995) observe that the existence of four cultural traits – involvement, consistency, adaptability and mission – is related to important organizational outcomes. They argue that employee involvement, a normative system of regulations to help internalize organizational values (consistency), the capacity for internal change in response to external conditions (adaptability) and having a long-term vision (mission) are important indicators of organizational effectiveness. In particular, involvement and consistency focus on internal integration, whereas adaptability and mission are externally oriented. The findings of my study suggest that Chinese firms are mainly focusing on internal integration. While some external orientation activities are found, these are largely superficial (e.g., image building) instead of developing organizational adaptability and vision to enhance their competitiveness in a strategic way. To take Denison and Mishra's (1995) argument further, if organizational culture is believed to be positively related to organizational performance, then Chinese firms not only need to develop a stronger organizational culture, but also need to be more externally oriented by enhancing their ability to respond to changes in their business environment and developing a long-term vision.

Taken together, Western models of organizational culture and studies of Chinese organizational culture using the 'outside-in' approach tend to identify and emphasize dimensions that include both employee relationships and performance management, often with a stronger focus on the latter. In contrast, my study based on the 'inside-out' perspectives reveals a stronger orientation towards relationship management with employees as well as external communities, broadly defined. In addition, the findings of this study reveal much stronger Chinese characteristics, both in terms of traditional Chinese societal culture and socialist values, in the configuration of organizational culture than previous studies of Chinese organizational culture have unveiled.

By analysing the published cases written in Chinese by Chinese academics and practitioners, this study sheds light on how organizational culture is understood and configured in China and makes this indigenous view accessible to readers outside China. The results of this inside-out study suggest that enterprise culture in China appears to be a complex and multilayered social system. It may be a set of values rediscovered and modified to suit current needs. It may be a political tool for socialist moral teaching and for prescribing the espoused ideology of those in control. It also may be equivalent to enterprise management practices and HRM

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and promoted as an effective management strategy. Further, it may be adopted in a superficial fashion due to isomorphic effects (e.g., to do what competitors are doing) and has no real impact on the organization's performance enhancement.

From the case study reports it appears that Chinese enterprise leaders feel that something (e.g., culture) is needed to improve individual and enterprise performance and image. What exactly this notion of enterprise culture is composed of seems to be contingent upon the cognitive understanding and the preference of those who champion the enterprise culture initiatives. This understanding and preference is conditioned by the social upbringing, educational background, social network and other institutional or environmental factors in which individual managers operate. As such, the content of enterprise culture takes different forms, albeit under the same umbrella of 'enterprise culture building'. The analysis also shows that the content of organizational culture in China is more strongly influenced by Chinese cultural values than by the Western values in general, but the degree of influence of each may vary depending on the institutional and cultural environment that both the organizational leader and the company are subject to.

What needs to be emphasized here is that Chinese culture features more prominently in the enterprise culture dimensions of Chinese firms than that in Western firms. In particular, the 'employee entertainment' dimension is likely to be absent or much less emphasized in the Western model of organizational culture. The Chinese people have a collective culture and are quite playful; they like to play games in parties and social gatherings. How to provide entertainment to keep employees' leisure lives interesting and fulfilling, particularly for those who live on site, in order to enhance productivity, is an important function of enterprise culture.

Limitations

This paper contains a number of limitations that trigger the need for future studies on the topic. One is that the data reported in this paper only captured enterprise practices in the period from the mid-1990s to the early 2000s and that a relatively large proportion of the firms are SOEs or ex-SOEs. Foreign-owned firms made up only a small sample, while an increasing number of foreign firms are operating in China and foreign practices are arguably having a stronger influence in current Chinese management thinking. As China's privatization programme deepens, there will be more truly private-owned firms in the economic structure whose management practices may differ significantly from the privatized ex-SOEs. It is therefore important to carry out new studies that have a more balanced sample size from different ownership forms.

A second limitation is the secondary nature of the data. We are not able to shed light on the views of Chinese employees on the implementation of enterprise culture. We do not know if Chinese workers identify themselves with these enter-

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prise culture building initiatives. We have no hard evidence that the implementation of enterprise culture schemes has led to better organizational performance and enhanced quality of work life of Chinese employees. It is also important to differentiate the effects of different elements of enterprise culture. As Alvesson (1995, p. 33) points out, 'It is important to distinguish between common culture as a source of feeling of togetherness, belonging and mutual understanding and culture as something which directly affects behaviour through norms'. Future studies should explore in depth employees' perceptions of, and responses to, enterprise culture management initiatives and how these initiatives may impact on them, through the use interviews and surveys that are directly targeted at them.

Research and Practical Implications

The unique characteristics of enterprise culture in China and the apparent similarities it shares with that in Western societies raise further research implications which deserve scholarly attention (Ogbonna & Harris, 2002). For example, why are enterprise cultures construed in the ways they are in different enterprises? How can we explain the differences in choice, methods of implementation and outcome? To what extent is enterprise culture management in China a success from a stakeholder's perspective? What are the contributing factors to these likely successes or failures? It is argued that organizational culture cannot be managed or is difficult to implement in Western societies in part because of the prevalent notions of individualism, social democracy and human rights and diverse cultural values. If this is true, will the collectivist and paternalistic culture of Chinese society provide a more receptive ground for the implementation of enterprise culture? To what extent have employees internalised enterprise culture initiatives? What combination of cultural elements will yield the best results; in other words, what is the 'best bundle' enterprise culture, if any? If the successful integration of culture into a productive internal organization is dependent upon the management team's cognitive understanding of the environment which in part informs the choice of the content of enterprise culture and the way they convey this to the workforce, how well equipped are Chinese managers in taking up this task?

It would therefore be useful to carry out empirical and longitudinal studies on enterprise culture management in China with an in-depth and critical approach and from a cross-cultural perspective. In conducting these studies, an 'inside-out' approach is desirable. In other words, the priority should be to explore how Chinese managers and employees view the function and impact of organizational culture and not to measure them through a pre-designed instrument adapted from studies of Western firms.

The growing interest in enterprise culture management in China will also have a number of practical implications for foreign firms that are planning to develop businesses in China or are already operating in China. First, they need to be aware

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of the fact that what constitutes enterprise culture in China may be quite different from that in Western organizations. This suggests that the implementation of a global corporate policy of organizational culture may not be a wise decision. Local adaptation may be necessary to accommodate societal differences. Second, given the important role of managers in shaping and implementing enterprise culture management practices, the selection of the right person is crucial to champion the MNC's organizational culture. Sensitivity to Chinese culture may be useful in order to match the expectations of employees, some of whom may continue to hold traditional values and would appreciate or expect firm's attention to their welfare, entertainment and development needs.

NOTES

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[1] The China Academic Journals (CAJ) database is part of the China National Knowledge Infrastructure (CNKI) launched in 1998 and produced by Tsinghua University. It is the largest and perhaps the most comprehensive and serious online publishing project today that is funded by the government. CAJ updates daily and provides a searchable, full text database. Its goal is to digitalize more than 18 million full text articles from some 5,800 journals dating back to 1994. CAJ covers nine disciplines, including Mathematical and Natural Sciences, Engineering, Electronics and Information Science, Agriculture, Medical and Health Sciences, History/Literature, Politics/Law, Social Sciences and Education. CAJ has its own platform and software that can be downloaded by users in order to be able to download and read the articles which are in Chinese characters. More than 1,200 major libraries in China had subscribed to this service by 2001 and an increasing number of academic libraries in developed countries have also. A user guide for CNKI Knowledge Network Server published by Tsinghua Tongfang Optical Disc Co., Ltd. is available online: http://online.eastview.com/help/User_Guide.pdf.

[2] The search of CAJ for the articles on enterprise culture was conducted in early 2004 in China when most, but not all, of the journals intended to be captured by CAJ had been digitalized and included in CAJ, as the retrospective project was still ongoing.

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Dr. Fang Lee Cooke (fang.cooke@mbs.ac.uk) is Professor of Human Resources Management (HRM) and Chinese Studies at Manchester Business School, the University of Manchester. She received her Ph.D. from the University of Manchester. Her research interests are in the area of HRM, knowledge management and innovation, outsourcing, Chinese outward foreign direct investment and the Chinese diaspora. Fang is the author of *HRM, Work and Employment in China* (2005), London: Routledge, and *Competition, Strategy and Management in China* (2008), Basingstoke: Palgrave Macmillan. Fang is the Inaugural ANBS (Australian National Business School) Fellow (2008) and Distinguished Fellow of IAS (the Institute for Advanced Study) 2008, La Trobe University, Australia.

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