

# Chinese Management Approaches History and Recent Developments

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**Abstract:** *It is no secret that things often work differently in China than what we are used to in the Western world. This paper aims to discuss how traditional Chinese beliefs, values and cultural norms impact Chinese Management styles. The paper outlines why Confucianism can be considered a management approach and how Chinese culture influences decision-making, relationship, and change management. Furthermore, the paper highlights some recent developments related to technological advancements and Covid19 and their interplay with managerial approaches. Literature sources have been researched based on their timely relevance for the topic and their broad acceptance.*

**Keywords:** Management, China, Culture

## I. Introduction

China is the world's most populated nation, which has advanced economically despite the multiple trade wars it faces. Although still considered a developing country, China's rich culture, leadership practices, and philosophies have facilitated its development. Child and Warner (2003) link the state's growth to establishing the national Communist regime in early 1949, noting that the latter's managerial and corporate behaviour has enhanced its significant performance. Besides, scholars maintain that China's economic reforms under Deng Xiaoping's leadership proved vital in raising the country's per capita gross domestic product (GDP) by roughly 10 percent annually (Chris & Ingyu, 2020). Accompanied by Confucianism, which has dramatically occupied the Chinese mainstream philosophy, the nation has established pragmatic rules to guide its management practices and attain success. Based on these aspects, some authors consider China a unique country whose management relies on Confucian values, differentiating it from other nations globally. Drawing from various scholars, although China has adopted software engineering and integrated the Confucian culture into its cross-culture conflict management during the COVID-19 pandemic, its notorious management approaches entail Confucianism, collectivism, relationship management, and change management.

## II. Confucianism

It is China's most traditional management approach that has shaped the country's growth. According to Child and Warner (2003), Confucianism applies "three bonds of loyalty," including "loyalty to the ruler, filial obedience, and fidelity to wife and husband" (p. 7). When looking at China's economic success, scholars often question if the nation's Confucianism exists separately from the Western culture and its application can overcome the rapid development's unintended consequences. Before answering these questions, it is crucial to define Confucianism. Based on the concept's founders' argument (Confucius and Mencius), every individual has natural kindheartedness and requires the practice of goodness to promote instinctive passion, especially for those who are suffering (Chen & Lee, 2008). Despite the disagreement between Xunzi and Mencius on assumptions regarding human goodness, the two emphasized virtuous human characters' cultivation to maintain love and extend affinity to other human beings.

What then is the Confucianism approach in China? The management aspect discourages individualism and encourages relationalism. Although Confucianism has individualist beliefs, such as self-enhancement, self-development, and introspection, such motives should escalate into promoting rational principles that promote stability and growth. Wittmann (2012) indicates that the management approach operates under five virtues: "benevolence/charity, righteousness/justice, propriety/rituals, wisdom/knowledge, and fidelity/trust" (p. 38). In his view, Confucius believed that government ought not to focus solely on legislation but moral education, which is critical in facilitating propriety. When defining management, Robbins and Coulter (2012) argue that it entails "coordinating and overseeing

the work activities of others" to ensure their activities' completion "efficiently and effectively" (p. 5). However, achieving such an aspect depends on maintaining interpersonal relationships that embrace mediation and not legal contracts. Although separate from the Western beliefs, Confucianism has enabled China to promote healthy relationships between inferiors (employees) and their superiors (employers), limiting the former's suffering at any workplace. Its application has also created a balance between managers' duties and self-interest, leading to improved economic development and ideological integrity.

Despite Confucius management's application, a notable trend involves questioning its impact on various business practices. When presenting their findings, Chris and Ingyu (2020) argue that, currently, scholars disagree on whether Chinese companies can adopt the Confucian "values to underpin their business models and practices" (p. 4). While some organizations have embraced the management approach, others have shifted to other prevailing features, citing Confucianism's biased paradigm. They argue that the Chinese management has encouraged authoritarianism, hindering employees' involvement in the decision-making process in the organizations. Besides, since none of China's "Asian neighbours are steering their ships close to the cultural harbour of Confucianism for answers to futuristic problems," the concept's future remains "completely unknown" (Chris & Ingyu, 2020, p. 4). Therefore, Confucianism faces intense criticism from businesses, posing a threat to its application as a management approach.

Following the COVID-19 pandemic outbreak, China has experienced essential changes in Confucianism's application, especially in cross-cultural conflict management. With Chinese enterprises' current adoption of the Belt and Road Initiative (BRI), Liu et al. (2021) admit that cross-culture conflict management is proving a significant challenge. Although the Confucian values have proved essential for the nation's companies, integrating them into the current management during the pandemic has not ascertained success. Through such findings and since employees cannot unify their different values, adopting the Confucian culture should incorporate other cultures and other strategies to enable the country to progress during the ravaging COVID-19 pandemic.

### **III. Relationship Management**

In any organization, managing relationships is effective for improved productivity. Robbins and Coulter (2012) insist that relationship management forms the foundation for managers to exhibit their managerial roles to facilitate decision-making. In China, attaining this objective relies on the Guanxi approach, which Child and Warner (2003) indicate involves relational networking that relies heavily on interpersonal connections. Irrespective of the capitalist and socialist Chinese organizations, the traditional Chinese culture has extensively promoted Guanxi as the primary coordination mechanism between managers and employees. Despite having some harmful repercussions, many authors consider Guanxi a vital interpersonal connection, primarily enhancing employer-employee relationships to facilitate business growth in China (Wittmann, 2012). Since it promotes harmony, the approach has enabled non-Chinese to realize humanism, thus escalating networking and healthy relationships.

The traditional Guanxi discourages individualism and insists on cohesion, allowing the Chinese to act on respectability to facilitate harmony at the workplace. However, since the nation is adopting other measures to compete globally, the current trend involves the discouragement of managers from becoming motivated "to cultivate and nurture 'guanxi' only" (Chris & Ingyu, 2020). Besides, critics argue that since other crucial factors for achieving business success in the country, managers should not remain bogged down, primarily by Guanxi. Although the view has worked, with many managers shifting to managing emotions and feelings in their organizations, the conflicting opinions on Guanxi expose the Chinese to difficulty maintaining employer-employee relationships.

### **IV. Collectivism**

Ever since the introduction of Hofstede's cultural dimensions framework, the dimension of individualism vs collectivism (Hofstede, 1980) has been among the most mentioned differences between China and western countries. Most western nations typically embrace individualism due to their desire for continued independence, especially when seeking societal goals. In her definition, Wittmann (2012) recognizes an individualist state where everyone looks after themselves. Despite the insistence on individualism's success, China employs collectivism as its management practice, with its citizens, including managers, acting on the group's interests. The method draws from traditional Confucianism, which Confucianists advocated for to facilitate complementarity and commonality between individuals irrespective of their job descriptions (Chen & Lee, 2008). According to Child and Warner (2003), the management approach has taken shape in China, creating resistance when managers try to introduce "individually based performance-related pay" (p. 11). Drawing from China's industrialization level, collectivists maintain that applying the management practice is critical in achieving mutual dependence between managers and employees, leading to organizational goal attainment.

A significant question that arises is how collectivism enhances general and knowledge management. Robbins and Coulter (2012) assert that based on Hofstede's individualism vs collectivism dimension, the latter applies to management to determine future orientation by enabling managers in different institutions to work together. Despite China's high power distance, which provides managers with status symbols and privileges, the authors maintain that the nation's encouragement of institutional collectivism enhances the integration of societal institutions into different groups within society and organizations. The same applies to in-group collectivism, which, when incorporated in management, increases the societal members' abilities to "take pride in membership in small groups, such as their family and circle of close friends and the organizations" (Robbins & Coulter, 2012, p. 99). Burrows et al. (2005) maintain that knowledge management has proved vital in allowing managers and other partners to share knowledge. Despite the challenge experienced when establishing a supportive organizational culture, China uses collectivism to escalate benchmarking. Therefore, based on the two aspects, it is clear that collectivism plays a fundamental role in bringing managers and workers together to share and manage critical information for organizational growth.

Despite all the progress that collectivism has attained, primarily in enhancing the management process, a rising trend involves the current shift to emergency management under Comprehensive Emergency Management (CEM). Lu and Han (2019) note that although some experts are advocating for a highly comprehensive model, "China's new emergency management system has moved in the direction of a more CEM-like system" (p. 1). Initially, solving managerial problems relied heavily on the single disaster agency, bringing individuals together to draw comprehensive emergency plans. However, with the change, it is challenging for nations, including China, to deal with management emergencies since much stake has become imposed on leaders, hindering trial and error learning opportunities that can contribute to future organizational success.

### V. Change Management

Change is a vital aspect of development in management and may affect the productivity rate when not handled effectively. Employees' reactions and behaviours depend mainly on how well the manager deals with change, which extends to determining the former's commitment to attaining the set goals (Chong et al., 2013). In a study conducted by Chong et al. (2013) involving 1150 respondents from various countries, including China, it remained clear that maintaining a positive relationship can influence workers to increase their organizational commitment irrespective of the cultural differences. This approach has proved critical in improving managers' ability to handle employees appropriately, limiting any demotivation in a company.

A fundamental way of managing change involves the technological application to improve performance through innovation. According to Dorson and Verlinden (2019), organizational growth has shifted to depending on technology, which managers use to provide feedback and enhance employees' capability, especially in improving and adapting to the fluctuating conditions. Robbins and Coulter (2012) agree with the scholars. They insist that since competition is high across nations, several stakeholders push for technology to support managers' relationships with their employees. Currently, researchers maintain that critical development involves the shift of technology to software engineering, which is vital in facilitating development through "collaborative tools, applications, and environments" (Ahmadi et al., 2008, p. 1). Besides, they have enhanced collaborative applications, which Ahmadi et al. (2008) indicate has allowed managers to organize their working process and space, communicate and represent their ideas and decisions, and negotiate with other stakeholders. This approach is also evident in China due to its increased incorporation of technology to escalate managers' performance.

Technological advancement has attracted a recent trend in China, involving the redefinition of propaganda. Farley and Johnson (2020) argue that modernizing propaganda began in the seventeenth century and has consistently been refined based on technological and scientific advances. The same extended to wars, with the editors providing that Chairman Mao insisted on having a banner bearing his authoritative image hung on ships and the top of buildings to represent his wise leadership and the incorporation of technological development. Initially, such propaganda placed China better than other nations (Farley & Johnson, 2020). However, the country's extension of propaganda in its management to signify its stability and development has led to many viewing it as a nation that controls its citizens' attitudes and opinions through manipulation, hindering their abilities to air personal views. The change has prompted China to destroy its workers' alternative understanding, posing a threat to effective management.

### VI. Conclusion and Discussion

China has maintained Confucianism, collectivism, relationship, and change management as its critical management approaches. The nation's application of Confucianism has advanced relationalism, which scholars consider crucial in maintaining interpersonal relationships. Besides, adhering to collectivism has enhanced China's ability to involve all individuals in management, with relationship management mainly focusing on Guanxi. Since the world experiences

technological advancement, accompanied by the ravaging COVID-19 pandemic, adopting restorative measures is crucial to eliminating management propaganda as China does. Therefore, despite the shifting management, which currently encourages collaboration between managers and employees at the workplace, future research should focus on how China can eliminate propaganda and adopt a pure technological change to improve the management process.

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