

Chapter 6

Corporate Culture

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A manager who has worked in many Chinese companies described her different experiences in those companies like this:

The first company I worked for was a China-US joint venture. We called the Americans by their first names; but when speaking to Chinese managers, we called them by their titles. The switching was quite interesting; people just laughed and got over it. My second company was Founder Digital, which is a joint venture between Founder (the Company originally set up by Peking University) and Hewlett-Packard (HP). We also used their names when speaking to leaders from the HP side, but, influenced by (Peking University's) campus culture, we called leaders from the Founder side professors . . . Later on, I started to work for this Taiwan-based company where I could strongly sense the boundary between levels. For example, in our factory, workers would call an engineer "commanding officer" . . . In a Taiwan company, there is such a strong sense of hierarchy. . . It may be a culture thing.

As you can see, the doors of our company are all grey or blue, very serious . . . Previously, at Founder Digital, because it is a network company, the walls are all green or multi-colored, colors that attract people's eyes. But this would not happen in a Taiwan-based company. Things here are all quite precise, even the font in company files has to be unified, as well as uniforms we wear. . . Our company is a big group in Taiwan. . . Our president is a member of the Straits Exchange Foundation (the semi-official coordination agency between the Mainland and Taiwan) . . . He requires the whole group to behave like this. . . (Zhang and Han 2010)

The experience of this manager reflects the features of different enterprises. Enterprises use tangible environments and intangible rules to influence employees' behaviors, and guide employees to work towards the same direction as the enterprises head on. Enterprises make use of many ways to coordinate employees' behaviors, including the leader's role and influence (Chap. 4 of this book), the organizational systems (Chap. 5 of this book), and daily management, especially

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the work on human resources and labor relations (Chaps. 9 and 10 of this book). In addition, enterprises also need “invisible hands” to influence employees everywhere at anytime. These “invisible hands” are the “corporate culture” we are talking about in this chapter. The arrangement of the internal working environment and the names people call each other, as exemplified in the opening vignette, are both lively reflections of an enterprise’s culture.

Basically, corporate culture is a system of values or a basic belief formed by employees through gradual sedimentation, progressive cultivation and long-term shaping during the development of an enterprise. Many aspects reflect the rich content of corporate culture. Corporate culture includes visible aspects such as the working environment, what employees wear, and the logo of an enterprise. It also includes the formulation of rules and regulations, the arrangement of incentive mechanisms, the distribution of powers and responsibilities for employees at different levels and of different kinds, and other “systems”. In addition, it includes the ways that employees think and even employees’ behavioral patterns (surely affected by those values and systems). In this chapter, I will firstly introduce the relationship between corporate culture and business administration, then discuss the sources of corporate culture and Chinese enterprises’ practices in building corporate culture, and introduce the current status of Chinese corporate culture and a few considerations.

6.1 Corporate Culture and Business Administration

Similar to establishing management systems, building leadership and improving management specifications, the construction of corporate culture of an enterprise is not to show how “civilized” the enterprise is, but because doing so has positive effects in promoting an enterprise’s business performance, as has been shown by many academic studies. The more a corporate culture is acceptable to managers and employees, the bigger influence it has on people’s behaviors, the higher level of match between the proposed values and an enterprise’s business direction, the better performances there will be in sales revenue, employee satisfaction and client loyalty (Tsui et al. 2006). Precisely because corporate culture is reflected everywhere within an organization and because it is very difficult to really influence employees’ values and behaviors, the construction and change processes of corporate culture are normally very long, making it impossible for other enterprises to imitate. However, once a good corporate culture is formed, it turns fairly stable, and it becomes a source of competitive advantage for an enterprise. Some scholars even say that, in future competition between enterprises, corporate culture may become the key factor in deciding an enterprise’s fate.

To sum up, corporate culture can present an enterprise's image to the outside, and can unify employees and coordinate their behaviours inside an enterprise.

6.1.1 Presenting the Enterprise's Image to the Outside

Even though some enterprises may exaggerate the functions of corporate cultures a bit, it is definite that the building of corporate culture can practically affect people's impressions of an enterprise. To outsiders, the behaviors of an enterprise, the relations between people inside an enterprise and the reactions of an enterprise to changes in the external environment all deliver information based on which people build an "image of an enterprise" in their heads (Gioia et al. 2000). The different ways in which corporate cultures are built will have different effects on how "outsiders" see an enterprise. Conversely, when outsiders are trying to deal with an enterprise, they will adjust their approaches based on their impressions. An enterprise fully aware of the process can surely enhance its culture construction accordingly.

Thus, when people mention an organization, an impression of the organization normally comes into their heads spontaneously. For example, when we talk about Huawei (a major communication company in the world, competing with Ericson and China's ZTE), we think of militarized management, wolf-like culture, customer orientation, and sense of risks, etc. When people are communicating with members of an organization, they actually feel the unique character of the organization. Deputy Chairman of the board of UFIDA (China's leading business software company) Guo Xiping provides an example: A business man from Taiwan came to Beijing looking for cooperative business opportunities. After meeting several companies, he was attracted to UFIDA because he felt a greater affinity with them at a personal level. Talking with UFIDA's staff was like talking to an old friend. Comparatively, other companies were too commercial; they were always trying to make a sale (Chinese Entrepreneur Investigation System 2005, p. 221). Apparently, UFIDA's culture played an important role in building up the company's image and promoting the company's business development.

6.1.2 Coordinating Employees' Behaviors Inside Enterprises

In terms of the coordination of employees, direct face-to-face supervision is one way often used, but apparently not very efficient and it easily annoys people. Technical means, such as a production line or surveillance cameras, which also have been widely used, can also control employees' behaviors and performances. However, these ways have been criticized by workers and society as dehumanizing and boring, as represented in the movie "Modern Times". Many technical measures are not effective when applied to certain types of employees. Max Weber's

bureaucracy theory, which is to control everybody's behaviors by using policy systems, even becomes a substitute term for modern management; however, "an organization which depends solely upon its blueprints of prescribed behavior is a fragile social system" (Katz 1964). In addition, no enterprise can solve all its problems through systems alone, because an "institutional system is a rigid system, it is a reflective system rather than a prospective system; it is not enough to direct employees' behaviors in an environment of uncertainty. In order to supplement the institutional system, enterprises need to set up a 'softer' type of control system, namely, corporate culture" (Zhang et al. 2006). Developed countries, after experimentation and experience with different control tools, started to introduce "soft" control, or the construction of corporate culture. Chinese enterprises also have implemented similar measures effectively. In the past 20 years, Chinese enterprises have consciously started to study and implement corporate culture as a management tool. As a "soft" restriction, corporate culture is helpful in consolidating the efforts of employees and guiding them to work towards the same goals.

From the perspective of coordinating employees' behaviors, corporate culture can be reflected in an enterprise's rules and regulations; it is also a supplement to an enterprise's rules and regulations. In 1995, Haier Washing Machine Company (the former Red Star Electrical Appliance Factory) announced a punishment: quality inspector Fan Ping was fined 50 Yuan due to malpractice and negligence in quality inspection and for lacking a sense of responsibility. At that time, the rate of return of Haier's washing machines was still far from meeting the criteria of being a top brand. Haier's high-level management realized gaps in the company's management. So, they directed the "Haier Newspaper" to raise a discussion question: what responsibilities should Fan Ping's supervisor take? The whole company got involved in the discussion and, in the end, they reached a consensus: Leaders should take the leading responsibility. Taking the leading responsibility was not just an irrelevant self-criticism, there were actions. Managers in charge of quality control were fined 300 Yuan, and were required to make written self-criticisms. From then on, the 80/20 principle (a manager carries 80 % of the responsibility for any malpractice) became established within Haier as a management rule. In this way, not only basic level staff, but all the managers learned a lesson: they understood that they all should make an effort.

Culture can also affect employees' behaviors as a supplement to systems. For example, Motorola's core value is "People First". Employees can make decisions based on this value in cases where there is no specific rule to follow. In this case, what should an employee do if the warehouse is on fire? Traditional Chinese values require people to put the community's interest in front and sacrifice individual interest; however, according to the "People First" principle, people's lives are the most important thing, and employees are the most important resource of the company. In this situation, even though there is no clear rule about how to act in case of fire, employees can act based on their own understandings that they cannot get themselves hurt by trying to put out the fire. In this instance, the culture guides employees' behaviors where no policy exists.

No matter whether it is reflected in the systems, or as a supplement to systems, culture is consistent and harmonious with management systems. Promoting a culture verbally doesn't mean this culture can really become the core value; an enterprise also needs to have clear and operable institutional systems which match the culture. Furthermore, the culture needs to penetrate the mentality of employees; the matching behaviors need to become the employees' habits; employees are able to behave as the culture advocates where there is no rule to follow. There are always situations where systems cannot cover, but culture exists everywhere, due to its "softness".

6.1.3 Solidifying and Cohering Employees

With progresses in societies, employees become more resistant to tough control, even soft culture control. Culture provides employees with a collective identity, which turns them into a community answering the call of duty of an enterprise. People who have been working in distinguished enterprises for a long time all have a crazy 'sense of the elite' in which they think of themselves as the best. This self-acknowledgement plays a big role in cohering people's minds. Employees can feel that the companies really recognize their value in this atmosphere, which is beneficial for improving performances.

For example, Vanke (a leading real-estate company in China) has attached importance to a cultural atmosphere of respecting people inside the company since its establishment, as well as respecting employees' choices and maintaining an equal opportunity policy among other supportive policies. An employee named Xiao Lu came to work in a modern scientific equipment exhibition center run by Vanke from a plastics factory. He worked in an administrative role and performed well. After a few months, the company wanted to promote him to a manager's position. The personnel department went to talk to him, but Xiao Lu's answer was that he did not like administrative work at all. He had worked hard in order to get the leader's attention, but what he really liked was trading. After hearing from the personnel department, even though the company thought Xiao Lu's personality and background did not suit him for the work at the trading department, they still chose to respect his desires and arranged for him to work in the trading department. In the end, Xiao Lu was transferred back to the administrative department because he couldn't get used to the job in the trading department. However, the culture of respecting people provided a platform in which employees had choice in pursuing their individual development (Wang and Miu 2006).

In sum, through presenting an enterprise's image to the outside, coordinating employee behaviors and cohering people's minds internally, corporate culture has a special function which systems or other measures cannot in enhancing an enterprise's performance. Then, from where do the primary elements of Chinese corporate culture come?

6.2 The Sources of Chinese Corporate Culture

When talking about the building of corporate culture, the former president of Datang Telecom Technology & Industry Group, Zhou Huan, said Datang had established the philosophy to “Be a proud Datang person, build an honored national team” from the very beginning. During the process of building Datang’s corporate culture, it insisted on four features. First, China has over 50 years of socialist tradition, which is different from all capitalist countries. So, some socialist values must be inherited in the corporate culture, like the spirit of dedication to society and the public. Second, the “strict, rigorous, serious” working style and the meticulous work attitude formed during the over 40-year history of the research institution must be carried on. Third, China has 5,000 years of traditional culture, principles such as “the benevolent loves others”, “every man has a share of responsibility for the fate of his country”, “to love others’ children as loving your own children, to care about others’ old parents like caring about your own parents” should be kept in mind. Fourth, Datang carried on the advanced culture formed during international economic communications under the market economy, like honesty, respecting people and win-win cooperation and so on (Chinese Entrepreneur Investigation System 2005, p. 128).

Generally speaking, the construction of corporate culture is one of the reasons causing the success or failure of Chinese enterprises. As the leader of Datang Telecom said, the contents of Chinese corporate culture came from many different sources; however, the sources could basically be categorized into the following: traditional Chinese culture, the influence of socialist management practices, the features of the industry and the enterprise, modern (largely Western) management concepts, the influence of the personal values of leaders, and the features of the times. Precisely because there are so many factors involved during the construction of corporate culture, Chinese enterprises’ culture connotation presents a phenomenon of “flowers of all kinds are blooming”. Of course, for the same reason, it also has caused uneven appearances and some messy situations.

6.2.1 *The Imprint of Traditional Culture*

Today’s Chinese people, no matter whether they are managers or front line employees, are all consciously or unconsciously influenced in their daily thinking and behaviours by Chinese traditions, which have developed over thousands of years. The building of corporate culture certainly cannot avoid this reality. Indeed, it is necessary to take advantage of this reality in building corporate culture. Many enterprises have drawn valuable lessons from traditional culture to facilitate the construction of corporate culture.

Ping An Insurance Company stresses four principles in its corporate culture: use the essence of traditional Chinese culture as the foundation; use Confucian culture – be kind, be helpful, be polite, be wise and be honest – as the basic principles for life; absorb and adapt advanced Western science and technology and modern management experience; and use “professional” and “valuable” as the basic principles for work.

The founder of Hainan Airline, Chen Feng, himself is very interested in traditional culture; so, the corporate culture he has personally developed at the Airline is full of the imprint of traditional culture. The “Ten principles for all colleagues” (e.g. the criterion for mastery is persistence) and the “Employee disciplinary articles” (e.g. do good things, be kind-hearted; enjoy working, be an honest person) all fully reflect traditional Chinese values.

Himin Solar Corporation embodies the features of its solar energy products in the corporate spirit that it has set: “Keep promises like the sun rises every day, make constant efforts on the right track like the orbiting of the sun every day, be generous like the sun shines on everything every day, and create and innovate like the sun giving new life every day”. It advocates “all creatures on earth live harmoniously and accomplish their missions through continuous effort; as the most intelligent creature, humans adhere to harmony and believe in nature” inside of the company. All these are consistent with the Chinese concepts of “humans are an integral part of nature” and “harmony”.

However, it is worth pointing out that some elements of traditional Chinese culture are harmful to the development of an enterprise. For example, the president of COFCO, Ning Gaoning, says that, in traditional Chinese culture, there was a concept of “nothing is impossible”; so, Chinese people are flexible when doing things, but lack discipline and a systemized approach, making it hard to exercise rigorous procedures. For example, in a meeting discussing the upfront problems, some people might blame the strategy, some might blame the financial management, some others might blame the personnel management. Then, it is possible that everybody just leaves when the meeting is over with no problems solved. This phenomenon is very common in China. Therefore, he suggested that building corporate culture should not only focus on the humanity aspect, but also on the disciplinary. Some good enterprises wisely have realized the merits and weaknesses of traditional culture, and selected only those elements that were appropriate. For example, Vanke sees the term “standardization” as the lifeline of their enterprise. It adopts a policy of hiring professional managers and tries to reduce office politics to the minimum to make for a simple working environment for employees to decrease communication cost. This has overwhelmed the “human relationship” principles of traditional Chinese culture.

6.2.2 The Culture of “The Top Leader”

Despotism has a long history in China; respecting the officer’s will, giving him exactly what he wants is also a long-term tradition of China, which is why “when King Wu liked swordsmen, citizens received more injuries; when King Chu liked a slim waist, many females in the palace died from hunger”. In current management practices, due to the unclear assignment of duties and responsibilities, the top leader, in effect, has the final decision-making power on many important problems, including corporate culture building. Especially in China, where there is a lot of

uncertainty in the external environment, the individual wisdom of an entrepreneur often becomes the key to success for an enterprise. As time passes, the individual imprint of the leader will become more distinct in an enterprise. When extracting the core value of an enterprise, including the content and ways it presents itself, it depends to a large extent on the top leader's likes and dislikes or his or her preferences. Therefore, the personality and values of a leader can have an important influence on the contents of the corporate culture.

Many entrepreneurs proudly admit their own or other senior leaders' contributions to the shaping of corporate culture. We can clearly tell the influences of senior leaders from many enterprises' cultural expressions. For example, Wang Shi (founder of Vanke) said himself: "Soldiers are born to obey orders; in the military, you would consciously or unconsciously build up a sense of teamwork. So when some people say that Vanke has very strict discipline, I assume it has something to do with my experiences in the military." Wang Shi also stresses "respect for people"; that's why Vanke evaluates employees' performances based on objective criteria rather than the personal judgments of the president. Yu Liang, The general manager of Vanke, said: "There was a book called 'A message to Garcia' a while ago, which talks about execution. Many people were reading it. I personally don't suggest Vanke managers read it, because I think over emphasizing on execution would sacrifice the respect of people, and respecting people is exactly what Vanke wants." (Lu 2004, p. 5, 144)

The founder of BYD (a leading battery producer in China), Wang Chuanfu, personally likes innovation, adventure and high technology. His personality clearly influenced the corporate culture of BYD. He quit his job in the General Research Institute for Nonferrous Metals and established BYD with a 2.5 million Yuan loan as an adventure; he entered the mobile phone component production and assembling area, and confronted the leading companies as an adventure; his decision to buy Qinchuan Automobile – an industry in which BYD had no experience – in the face of almost total shareholder opposition (some even threatening to withdraw shares), and faced the loss of 2.7 billion HK dollars in the company's market value in 2 days, was even more of an adventure. He deemed that, "if you use the same strategy as all the others, what do you have in hand to win?" so, it had to be "you adopt your way, and I adopt mine." When other automobile companies all invested in high-grade, precision and advanced technologies, BYD instead adopted its successful battery-manufacturing operation's "half-automatic" approach and "labor strategy", which maximized the advantages of China's rich resource of low-cost labor and high-quality engineers. As a result, BYD consolidated its status in the battery industry and also advanced in the automobile industry.

6.2.3 The Needs to Advance Business

Enterprises expect to present their objectives and intentions through corporate culture, and influence employees' behaviors; thus, during the building of corporate

culture, enterprises are highly likely to tightly combine the headline contents (values, corporate spirit, behavioral standards, etc.) with the reality of the enterprises. For example, between 1994 and 1995, in order to survive, Lenovo laid more stress on its employees being responsible for their tasks: “No matter how hard you work, only real outcomes will be acknowledged”, “constantly set new business records”, and “turn the 5 % hope into a 100 % outcome”. This kind of guidance clearly showed that the point was to “deliver real results”. Later, between 1996 and 1998, Lenovo’s objective switched from “seeking survival” to “seeking development, scale and effectiveness”. At this time, in order to enforce better control and management, internal standardization was urgently needed. Thus, it started to stress “strict culture” and “control”. After 1999, the enterprise developed to a bigger scale. Communication and coordination, understanding and trust, affinity, centripetal force and group cohesion were all needed to seek even bigger development. At this time, employees’ individual pursuits started to upscale to the level of life values, the respect of society, and mental satisfaction. Thus, Lenovo proposed a “family” culture – equality, trust, appreciation, and love, in order to support the bigger picture of enterprise development.

In China, the ownership of an enterprise also has a big influence on corporate culture. The result is that, even though there are many similarities in the organizational cultures among state-owned, private and foreign enterprises, there are many differences. For example, all three types of enterprises emphasize staff development, harmony, contribution of employees, strengthening of leadership, customer orientation, result orientation and innovation. However, private enterprises and foreign enterprises emphasize both internal integration and external adaptation, while state-owned enterprises emphasize respect for existing economic orders and hierarchy more (Tsui et al. 2006). These are all closely related to enterprises’ respective main tasks and challenges.

6.2.4 Western Management Philosophy

Similar to the centuries of trend of “Western knowledge spreading to the East”, China has certainly been greatly influenced by the West on enterprise management. From the blooming of professional education via management and consulting companies, we can see that Western management philosophy may be the major influence on Chinese management practices. Corporate culture building is also absolutely influenced by Western enterprise management philosophy, as well as the modes and theories of Western corporate culture, even the values of Western society. For example, the president of COFCO, Ning Gaoning, said:

My overseas experiences make me pay more attention to things like democracy, Westernization, and humanity in management. In the West, managers listen to the upper level but are not afraid of them; managers would also listen widely to more opinions when making a decision; in the East, it’s the opposite. A decision is made by one person, and people who don’t agree with the decision normally don’t execute. This is a big problem. Because we all know that one or only a few people cannot accomplish anything. To achieve something,

people have to work as a team. A team is like a person, it needs to grow, and it has life. The basic conditions for a team to grow are constant studying, thinking and communicating, as well as self-criticism and looking for the deficiency in our own culture by the team.

The vice CEO of Aigo Company, Feng Jun, portrays the importance of introducing Western concepts in corporate culture building by comparing Chinese chess with Western chess. In his view, the “cannon” is a very important piece in Chinese chess. It reflects the intelligence of Chinese people, as well as forward thinking and the courage to fight alone. Therefore, when competing with international enterprises, making full use of the “cannon” is a major asset. Meanwhile, some of the mechanisms of Western chess need to be introduced, like the “soldier”. In Chinese chess, the “soldier” can be as competent as a “chariot (vehicle)” after it has crossed the river; but it is of no use if it goes all the way to the end. On one level, this is a trap for soldiers. However, in Western chess, if a “soldier” goes to the end, it has the opportunity to be promoted to a “queen”, which is a very important role. This is extremely important in inspiring the company’s morale. If employees excel in their roles, they can be promoted and do their ideal jobs. No matter what kinds of positions they had when they first entered the company, as long as they can be in the top one or two in their functions, they are going to play larger roles. As long as this point is understood, everybody will strive hard in their work. “Therefore,” he said, “we suggest playing an ‘integrated’ chess, which has both the advantages of Western chess and the power of the ‘cannon’ in Chinese chess. In this way, the future of China will be infinite.” He also provided an example: There was a project recently; the project manager was a young lady, 22-year-old. Why did we promote her? She started in sales and was the “individual sales champion” five months in a row. Then we promoted her to the chief in a shop. Subsequently, she won awards for excellence in that position for four months. This proved that she has individual capacity, and the capacity to manage others. This is the type of person our company wants to promote. This is according to the “soldier” being promoted to “queen” rule (Chinese Entrepreneur Investigation System 2005, p. 266).

6.2.5 The Influence of Socialist Enterprise Management Practices

Several decades before the policies of Reform and Opening door, the experience of building up a socialist society and the associated enterprise management practices also had deep and far-reaching influences on later enterprises and entrepreneurs. Many enterprises imitated the structure of state-owned enterprises when they first established. For instance, HUAWEI and Lenovo both used to call their different departments “divisions” or “sections”, and called those in charge “directors” or “section chiefs”.

China’s business administration before reform left a certain amount of effective values, which satisfy the needs of the current corporate culture building. These include the tenets of “Being honest in three aspects and being strict in four aspects”,

“to love the factory as home”, “revoluting and striving”, and “to proceed when ready, or to create readiness”. In addition, socialist legacies include the “Anshan Steel’s Constitution”: “Workers participate in management and managers participate in production; to reform all non-ideal policies, and combinations of merits from managers, technicians and workers”. The socialist era also left the very inspiring slogan, “throwing the oil-shortage country cap into the Pacific Ocean”, which combined the development of the enterprise with the fate of the country. There were also role models of workers, such as Meng Tai and Wang Jinxi, which are all worth learning from even for many of today’s enterprise practices. For example, many enterprises try to guide employees by setting up a model employee. The CEO of HUAWEI, Ren Zhengfei, often encouraged his employees to learn from role models such as Jiao Yulu (a dedicated party leader in a poor county) and Lei Feng (a former soldier and role model of helping others nationwide).

Associated with the tracks of China’s progress for decades, some enterprises were influenced by military culture from the beginning. This is because the establishment of some of the large-scale state-owned enterprises had a strong military background, and many later private firms’ entrepreneurs had experience in the military. For example, 40,000 liberty soldiers engaged in the “Daqing petroleum campaign” in 1960. Ren Zhengfei and Liu Chuanzhi also served in the military for some time. With this background, in many enterprises, “production” is called “going to a battle”, production motivation is called pre-war mobilization, requesting a production task is called asking for a battle, solving a technical problem is called tackling a critical point, a pledging meeting is held when there is a difficult task to accomplish, excellent workers are called war heroes, concentrating efforts on finishing a task in a short time is called a campaign, and enhancing technical skills in work is called soldier training. We can see that military culture left very deep impressions on enterprise management.

6.2.6 The Features of the Times

Before Reform and Opening Door, China’s enterprises were unaware of the concept of “corporate culture”; however, they emphasized patriotism, dedication, specialization and other concepts. These concepts are still influential in current enterprises. Of course, along with the changing outside environment and the development of enterprises, the popular values of the times also reflected in corporate cultures. In the 1950s and 1960s, Chinese enterprises emphasized the spirit of “hard working and swift living”; in the 1980s and 1990s, in face of the economic development and social demands, slogans such as “competition”, “producing quality products”, “going forward in solidarity”, “the customer is always right”, and “time is life, efficiency is money” were promoted. Entering the twenty-first century, enterprises placed more emphasis on “rational competition”, “doing wise business”, “environmental friendliness” and other new spiritual standards.

In its early period, HUAWEI used high salaries as a means to drive its employees hard. It demanded high efficiency. Under the extensive management mode, Ren

Zhengfei urged his staff to adopt the qualities of the wolf: its acute sense of smell, the spirit of attacking, and fighting as a group. At that time, many research and development staff kept mattresses under their desks. If they worked too late, they would just sleep in the office. Later, when its management mode was refined, it started to use the tenet of “be patriotic and dedicated” to cohere people. When it became an international player, urging its growing number of foreign employees to dedicate themselves to China’s development was obviously inappropriate, so, HUAWEI adopted a new vision of “enriching people’s communications and lives”, and its mission as “focusing on the challenges and pressures which attract the attention of clients, providing a competitive telecommunications solution and service, and constantly creating maximum value for customers”. All these concepts are internationally accepted and matched the development of the enterprise.

From the point of view of Liu Changle, chief of Phoenix TV, the building of corporate culture needs to be integrated with the needs of the development of an enterprise. Phoenix TV places particular stress on an innovative spirit and keeping pace with the times. Soon after the TV station started, it adopted the slogan of “using a unique form to reach mass appeal”. Phoenix TV continuously develops new programs with unique styles and fresh content; it also promotes a warning that there is only one step between “being in favor with the general public” and “a target of public criticism” to remind its staff that only by making constant effort and thinking “outside the box” can they maintain their leading status. The maxim is to “make changes before your competitors do, make things happen before the policy changes, innovate before your audiences change their tastes.”

In addition, the generation gap has become a conflict of the current times. Employees from different generations have different concepts and values. The “born after the ’80s phenomenon” (those who have grown up with the benefits of China’s reform policy) has attracted much attention. Some managers proposed a new way to communicate with the “after ’80s” generation.

There are two secrets in working with people born after the 1980s: firstly, you have to get them interested; if you assign them work which is consistent with their dreams, they would even work for free. Secondly, you have to treat them as good buddies. . . they have their own styles. . . they are very direct when expressing their feelings. They also have their own principles. Their only shortcoming is lacking of persistence. When they are making efforts to do something, they expect certain rewards; if they cannot see the rewards for a while, they will just stop doing it. So, they really need someone by their sides to encourage them all the time, constantly saying to them, “go ahead, go ahead”. If you are the boss of an “after ’80s”, you should do so. . . (Zhang and Han 2010).

6.3 The Promotion of Chinese Corporate Culture

In order to really influence employees’ behaviors using the “invisible hands” of corporate culture, slogans on the walls and pictures in booklets are not enough. Diligent work is needed to get people to truly accept it deep in their hearts. During the process of advocating and practicing corporate culture, Chinese enterprises

have shown their special prowess. There are some achievements. There are also books devoted to introducing the details of corporate culture construction (Zhang 2003). According to Edgar Schein's theory, the keys to building corporate culture construction include the leader's attention and action in the face of problems, the settlement of key incidents and risks, the inculcation from the top to the bottom, the distribution of rewards, daily work management etc. Other activities include the arrangement of organizational structure and workflow, material environment, stories and legends, official statements etc. (Schein 1992). Based on this framework, below we are going to introduce some detailed actions of Chinese enterprises.

6.3.1 *The Personal Practices of the Leaders*

Leaders are the reservoirs of corporate culture; they are also the impetus for accomplishing the construction of corporate culture. "Teaching by using role models works better than just words" (or "Deeds speak louder than words."): the leaders' personal practices and concepts can effectively motivate employees to imitate them. For example, for the purpose of building up an equal and honest environment, Sina.com CEO Wang Yan prefers his staff to call him by his name. Only newcomers sometimes call him President Wang. He sends jokes and greetings to his staff during the Spring Festival. He makes an assessment of himself each quarter and sends it to his subordinates. Wang Yan is spreading the concept of "equality" by these actions.

In the eyes of the employees of the State Grid Corporation, their general manager, Liu Zhenya, has no hobbies. It seems like work is the only thing in his life. To Liu Zhenya, work always comes first, working overtime is the norm. He doesn't stop until the work is perfectly done. He never realizes when the weekend is. He often spends New Year's Eve in the office. According to him, he "doesn't sing, doesn't dance, doesn't like golf, doesn't play poker, doesn't cater dinner parties, and doesn't enjoy wine". To him, work is everything, and work is his pleasure. He does nothing but work from morning to evening. A manager of his company said:

Our leader often works overtime. He doesn't even rest at weekends. So we also need to work overtime to catch up with his schedule. If you see your manager hasn't left at 8 pm, can you really just go away? In addition, the whole pace of the company is faster than before. For example, the meeting minutes of a headquarter's meeting normally has to be finished the same day and delivered to all the provincial branch companies to let each branch understand the purpose of the meeting in time. It's like that the work pushes you to move, and you have to be fast! (Ma and Zhang 2010).

The general manager of IRICO Group, Ma Jinquan, deems that, if the top leader of an enterprise sees corporate culture as the engine of enterprise management, he or she will spend time to work on it, as well as providing financial support. Only by really spending time and energy can these concepts or spirit actually be enforced in the right places. He said: "The key part is the leadership, especially if the top leader

acts as a role model to others. The top level acts, the lower level imitates. If leaders don't do anything, what makes the staff do anything sincerely? If what they say is different from what they do, corporate culture certainly cannot be really enforced. In the IRICO Group, employees like to talk about our corporate culture, and they even more like to talk about what the leaders do." The president of Baoding Yimian Group, Wang Lijuan, talked about her feelings: "I think the most important thing for corporate culture change is for the high- and middle-level managers to behave as role models for the employees. Do it yourself, even if only once; it is much more effective than saying it many times. So the behaviors of the management level are the best way of spreading culture."

6.3.2 Utilising Striking Incidents

It is difficult to change people's behaviors; it is even more difficult to change people's values. However, if enterprises wisely utilise striking incidents as a form of shock treatment, old mindsets might be changed quickly.

Haier Group has made use of some major incidents to very good effect in building up its corporate culture. In 1998, Haier bought the Hefei Huangshan TV factory in Anhui province. Afterwards, the production efficiency and quality of the factory were all largely improved by using Haier's management measures. However, the previous employees, who had been working in a state-owned environment, were not happy. Previously, even though salaries were quite low, they enjoyed a relaxed work environment with plenty of time to rest. After Haier took over, salaries were increased, but the administration was way too strict for them to follow. On June 2, 1998, Haier's employees went on strike and held a large demonstration on the street. Haier decided to stop their production for indefinite duration and to discuss management issues with the workers. After 2 days' discussions, the employees understood that the strict management was reasonable because the competition in the market was severe. The workers reflected their own thinking and reported many non-ideal old practices for changes. Many workers who participated in the demonstration wrote self-critics to be publicly posted. The series of incidents triggered by the demonstration caused a tremendous shock to the employees, and made them realize it was time to really make an effort at work.

In 1985, some customers reported that Haier's refrigerators had quality problems. Zhang Ruimin appointed staff to check the 400 refrigerators in the warehouse. As a result, 76 of them were found to have various defects. Even though these defects didn't really affect the refrigeration function and customers were waiting for products outside their factory, Zhang Ruimin still decided to destroy these refrigerators in public. He used a hammer to destroy the first one himself. The "refrigerator smashing" incident built Haier a positive image of valuing quality. It made Haier stand out in the market, which was full of low-quality products at that time. Meanwhile, Haier implanted the concept of "products with defects are not acceptable products" in every employee's mind, which established the culture of

valuing quality. Later, this culture won Haier very good reviews in the EU market, where its repair rates were lower than the average.

Hisense Group also successfully used a special incident to implant the concept of quality. On the morning of July 8, 1996, staff at Hisense's No. 2 factory found somebody had put a TV right in the middle of the hallway. A large arrow sign directed their sight to a place where a screw was stuck between the monitor and the back shell of the TV. Next to the TV, there was a workflow card stamped "qualified" at every stage, and there was a big question mark drawn on it. This shocked the staff: how could a TV like this have passed through that many checking points to the packing house, and almost made it into the market? After discussions and recommendations, those people who were responsible received punishments. The leader of the factory decided to keep this TV permanently in the hall, so the offending screw would alert people that they should always pay full attention to quality (Zhu 2003, pp. 47–48, 101).

6.3.3 Inculcation and Education

Both Chinese and foreign enterprises like to disseminate their leaders' ideas by passing it down from the top to the bottom. For example, a popular channel for Chinese enterprise leaders is through meetings. An effective meeting can fulfill the purpose of disseminating ideas. First, the formality of a meeting itself gives people a feeling of being in a team and formality, it is a ceremony of constructing organizational culture. Second, the way a meeting is run can express certain ideas. For instance, some enterprises enforce standing while having the meeting, which expresses the idea of efficiency. Finally, the actual content of a meeting has the function of unifying thoughts. For example, Changsha BROAD Group has organized its employees to study and discuss "A message to Garcia", "God likes her and lets her clean the toilet", "Who do you work for" and other articles since 1998. The president of BROAD Group, Zhang Yue, often selects papers himself and teaches his staff. He used the story of "A 'foolish' man moves the mountain" (a traditional Chinese story teaching perseverance) to teach his staff the point of "where there is a will, there is a way". The president of Hainan Airline, Chen Feng, often requests his subordinates to submit their study essays through the internal web; he selects some for comment. Through these means, enterprises can spread "mainstream" concepts and solidify divergent thinking (Luan 2008).

6.3.4 Enhancing by Rewards

Some scholars see the relationship between an enterprise and its employees as a relationship of exchange. According to this logic, the most effective way to influence an employee's behaviors and beliefs is by means of rewards. Through

rewards and punishments, an enterprise can deliver to its employees the clearest signal: what behaviors are expected by the enterprise, and what behaviors are unacceptable. In an enterprise, if an innovator is considered a hero, then the culture of innovation tends to be established; if a contributor is rewarded, then the culture of contribution tends to be established.

Haier promotes the slogan, “everybody is an SBU (strategic business unit)”. Haier selects talent based on an open, equal and fair principle; it encourages innovation by using the market effects as the standard, and creates good working and living environments for its staff. Zhang Ruimin, Haier’s major leader, said: “As the enterprise is fast developing, there are huge risks. It is like a car that is running really fast on the highway; it will roll over if it meets even a little bit of a barrier. In order to not roll over, our only choice is to keep innovating. . . . we have a culture that makes everybody realize that they need to conquer themselves and innovate, and there will be no place for them if they don’t innovate.” (Hu 2004). Haier also invested heavily in R&D and innovation. It has been ranked among the highest for “the proportion of investment for R&D out of total revenue” for many years. Through changes in organizational structure and systems, the relationship between superior and subordinate becomes a business relationship, which spontaneously provides every employee with impetus for innovation. As time goes by, innovation gradually merges into each employee’s behavioral routine.

Here is a specific example in Haier. Hu Wei is an employee of Haier’s powder spray company. He found that the powder spray products tended to be tinted with a green color, because the powder was too thin. The normal way of avoiding the green tinge and the complaints it would generate, was to spray more powder on it. However, this added to the company’s manufacturing costs. Under the mantra of “everybody is an SBU”, he carefully investigated the reasons for this phenomenon and found that the powder on the racks was too thick, which interfered with the conduction of electricity and therefore the quality of the coating. So, he invented a form of protection for the rack, which removed the problem at its source; in addition, it reduced the need to clean the racks from once every 3 cycles to once every 60 cycles. He also visited other divisions to learn how they worked with powder spray. In this way, he saved 7,613 Yuan per week for the company, and added 86 Yuan to his own account (Zhu 2008). Haier also names techniques or products after the people who invented them; so now there is the “Qirong Ice Bar”, “Qiming welding gun” and “Xiaoling wrench”. These practices significantly motivated Haier workers to innovate and work in the culture rewarding innovation.

Different enterprises design different rewards to encourage their employees, based on the enterprise’s own needs. For example, Sina.com has an Excellent Employee Award, Innovation Award and Team-working Award. Among them, the Award for Excellent Employees depends not only on an employee’s performances, but also on whether the performances are in line with the company’s values. To promote their values, the Eastern Holly-High Consulting Company sets 13 annual awards, which are highly valued by staff. These awards include Unity Strength Award, Greater Power Award, Special Contribution Award, Sales Award for new business won, Dedication Award, New Ideas Award, Special

Innovation Award, Workload Award, Best Customer Service Award, Best Dressed Award, Exemplary Conduct and Nobility of Character Award, and Thrifty Award (Qu 2006). All these awards target at the core values the company is proposing and hoping their employees to embrace.

6.3.5 From “Visible” to “Invisible”: The Permeation of Corporate Culture in Daily Life

Corporate culture is the “soft” tool of enterprise management. Without a “hard” tool to work with, corporate culture can only stay “soft”. Changing people’s behaviors needs to start with the “hard” approach of enforcing rules and regulations, then attaching the “soft” spirit and letting culture play its role silently, until the hard restrictions of systems are no longer needed.

Hui Cong International Consulting Company encourages employees to participate in the company’s management through its internal web system. Employees can comment on any managers of the company on the forum anonymously. The management level must respond to any comments posted on the forum. The vice president of UFIDA, Guo Xinping, deems that a slogan is not equal to a corporate culture; the key is to convert the slogan into operable action standards, and enforce those requirements and assumptions in the right place through the enterprise’s management systems.

HUAWEI feels the many years’ fast development and supernormal development it has experienced is due in large part to management. Since 1998, it hired consulting experts from IBM and spent 5 years and invested more than 1 billion Yuan in implementing the Integrated Product Development (IPD) management system. This system not only manages research and development, it also stresses merging customer values into the whole process of production – from understanding customers’ needs to product design, manufacturing, cost, service and many other processes, to improve the management of the enterprise. At that time, many managers and employees did not agree with this big move, they thought it would ruin the previous familiar and smoothly running process. As a matter of fact, Ren Zhengfei himself also used to ignore planning and work desperately without a rest. Sometimes this approach paid off: when development of a high-end router was lagging behind, Ren Zhengfei ordered the disruption of all procedures and organized a large number of personnel to concentrate on its development, with the result that HUAWEI was able to complete the development of the router and get it on to the market in a very short period of time. Nevertheless, in the interests of long-term development, Ren Zhengfei aimed to “cut the feet to fit in the shoe”. His approach was that one must first change oneself to comply with the rules, and then improve to integrate with the rules. In the face of confusion among some of the employees, he took a very tough stand: “People who don’t learn IPD, or don’t understand IPD, or are not supporting IPD will all get laid off!” In this way, HUAWEI merged its

culture of respecting customers and satisfying customers into the IPD system, consolidated its previous achievements through the system, and exchanged short-term inadaptability for long-term stability. By enforcing IPD through the resolve to “cut the feet to fit in the shoe”, the phenomenon of overtime working receded in HUAWEI; however, its average individual income increased (Zhang 2008, p. 111, 128; Wu and Ji 2006, p. 63, 69).

Many other enterprises emphasize the education of employees in the corporate culture when they first join the enterprise (so called “socialization” process). Lenovo tries to help its new employees fully understand and accept the corporate culture through the “human mode”; it organizes training so employees get to know the vision of the enterprise, as well as to experience teamwork. Vanke has a “New power camp”, in which new employees can learn and embrace Vanke’s values through various team-building activities, such as courses, climbing the “graduation wall” and hiking competitions. Vanke likes to recruit new graduates, because they deem that “it’s better to let Vanke ‘pollute’ them than let the society pollute them”. The reason for this is that it’s easier to get new graduates to accept the company’s culture through socialized training. Tencent Company (a leading online communication and game company in China) conducts corporate culture and systems training for its new employees through “Tencent College”; it strengthens the result of the training through a “mentor program”, a “review camp after 60 days” and a “review camp after 90 days” among other initiatives, so new employees adapt to the culture of the company.

The CEO of Huaqi Digital Company, Feng Jun, describes his company’s system and culture like this:

From the perspective of the enterprise, the operation of an enterprise is mainly restricted by rules and regulations; in this way, people have a common principle. But meanwhile, only having rules and regulations is not enough, because rules and regulations cannot take care of every corner and every detail. Nobody reads the thick book of rules and regulations. So, in some places where rules and regulations cannot reach, and under some special circumstances, it’s where corporate culture plays its role. Our definition of corporate culture is that, when some things are not clearly stated in rules and regulations, everybody knows, “Oh, we should do it this way...” (Chinese Entrepreneur Investigation System 2005, p. 263).

Precisely because the influence of culture on people is flexible, so this influence can often have effects which hard systems cannot achieve. Ren Zhengfei once said:

The unification of an organization must be built on the basis of the construction of ideology and culture. An organization is a structure system, and culture power and ideology power are the biggest powers. . . . People who don’t accept HUAWEI culture will be excluded, or will not be promoted. However, when exercising it, mild approaches are needed at the same time [because we cannot dramatically change]. If some people cannot accept HUAWEI culture, as long as they work well, we don’t want to argue with them. But as time goes by, they themselves will think: It seems like I cannot stay this way forever, at least I can pretend to fit it. And after they have pretended to be good long enough such that they build a habit of being good: things really change. “Pretending” forges an atmosphere, a peripheral atmosphere, which influences others and, consequently, brings others with it on the way. (Qin 2002, p. 222)

6.3.6 The Inculcation of Culture and Concept Through Lively Activities

Many Chinese enterprises are good at organizing lively and exciting activities. They aim to deliver the spirit of the enterprises through these various activities, and permeate the values which are promoted by the enterprises into the communication between employees.

When it comes to organizing activities, there are various forms in Chinese tradition, including speech contests, contests of the knowledge of the enterprises' culture, essay writing, entertainment (e.g. group singing), sports games, charity activities, etc. For example, ChinaHRD.net organizes one birthday party every month for staff, and introduces new staff members at the birthday parties (Qu 2006). When Qingdao Telecom was designing its logo, it encouraged all the staff to participate. It collected votes and recommended service brand slogans from all staff members, and carried out discussions on its internal newspapers. In a month, the company received more than 600 votes and more than 100 branding ideas. At the end, the company picked "love delivered to all families" as their brand slogan through collective voting. In addition, Qingdao Telecom invited all staff members to give suggestions on the values and behavioral standards which the company should promote, and let all staff discuss and comment on hundreds of suggestions. A few of them stood out from the crowd. The company did not ask famous calligraphers or celebrities to write the selected slogan. Instead, it asked its own staff to write. Based on company votes, General manager Wang Zhili congratulated the staff member whose handwriting was chosen, and made it the final brand slogan. This brand collection activity reflected the high trust the company had in its employees. It also successfully delivered the values of the company. At every stage, the values of the company were deeply implanted in the minds of its employees, because the participation process itself had focused the attention of the employees on the corporate culture, and merged the culture into their work (Zhang 2002).

However, activities need to be carefully designed to be aligned with the corporate values and make the values penetrate-able. Some enterprises equated corporate culture building with only organizing activities; as a result, the so-called culture remained only superficial and everything stayed the same.

6.3.7 Sowing the Seeds: Designing the Workplace to Build the Corporate Image

Systems, concepts and other mental materials influence employee's values, but so does the material environment. As employees spend a lot of time in the material environments of enterprises, it is obvious the look and feel of those environments will have an influence on them. After the president of Changsha BOARD Group,

Zhang Yue, got to know “Pan Art”, he thought that everything in a person’s sight could be arranged and managed with an artist’s taste. He decided to use colors and images to improve everything his employees saw; he believed this could improve their emotional wellbeing and therefore their work. So, the BOARD Group standardized its factory’s area based on an arty norm: open lawn, the arrangement of objects in the factories marked with different colors, clean roads and green fences. All these improvements were aimed at sending a signal to the employees: they should behave well in order to match this beautiful environment. The BOARD Group also invited sculptors to make a hundred sculptures of Chinese and foreign famous people, and placed them near the BOARD Management School and BOARD Academy. In this way, the employees of the BOARD Group would unconsciously have the feeling of walking in a hall of art (Zhu 2003, pp. 189–193).

6.4 Problems of Chinese Corporate Culture Building

After experiencing a fads of corporate culture for more than 20 years, many enterprises have built their own features into the practice, which have had positive effects on the improvement of management. Many entrepreneurs have also established their own understandings of corporate culture. However, this doesn’t mean that Chinese enterprises all have suitable culture constructions. There are some problems worth of considering for managers of enterprises.

6.4.1 Trends Come and Go: The “Campaign-Like” Practice and the Scarcity of Persistence

I have stated the difficulty in changing people’s attitude and behaviors, especially in modern times, when the society’s mainstream values emphasize more on respecting people’s independence. It has become more apparent that it is more difficult to change people’s thoughts and values. In the 1980s, corporate culture became a hot topic. It was introduced to China as a new method of management. As a result, corporate culture for a while was like a fashion trend which quickly spread to every corner of the country. Business and academic people all started talking about corporate culture. Now, a search of “corporate culture” on China’s academic journal dataset (epub.cnki.net) will get 90,000 results; a search of books with the title including “corporate culture” on the biggest Chinese web bookstore Dangdang (dangdang.com) will lead to 400 titles; in addition, a search of “corporate culture” related webpages on Chinese leading searching engine (baidu.com) will lead to approximately 30 million results.

However, what is hidden behind the upsurge is the divergent approaches during the construction of corporate culture. Some managers told people very proudly that

their enterprises had established high level of corporate culture, the reason being that they had printed fabulous handbooks on corporate culture. Under the influence of the fashion trend, many enterprises were trying to forge a culture-respecting atmosphere, and they were very interested in creating slogans which reflected their visions, missions or faiths, but they seldom integrated the content of these into the enterprises' daily management. As a result, all this content was hung on walls, or written in papers, or printed in booklets, but not reflected in managers' and employees' behaviours. As soon as the "hot time" passed, these enterprise leaders probably would not mention corporate culture again.

If an enterprise builds corporate culture like it is running a campaign, then it will be like a passing wind – it seems like employees are talking similarly or behaving similarly for a while, but when the moment passes, they are still who they were. Thus, if enterprises only pay attention to short-term effects without insisting on it continuously, it will be impossible to carry it out to an in-depth degree. The former president of Datang Telecom Technology & Industry Group, Zhou Huan, said that leaders should carry forward corporate culture construction persistently and with no efforts spared; the timeline should not be a year or a half-year, but to use many years to work on it. The CEO of Huaqi Digital Company, Feng Jun, clearly said, the construction of corporate culture is only about one word: persistence; or, to make it part of the blood.

6.4.2 The "Cure-All" Magic Medicine

Like everywhere else in the world, the rise and spread of corporate culture in China mainly has depended on four popular books. Two, in particular, "Theory Z" and "The Art of Japanese Management" (the other two are "Corporate Culture" and "In Search Of Excellence") talk about the different management measures used in Japan compared with their "American teacher", and lead many Chinese readers to believe that Japanese enterprises made fresh progress by using corporate culture as the breakthrough point (it even made readers believe Japanese enterprises were superior to American counterparts). To Chinese people, this provided hope of improving enterprise management by taking the "shortcut" of studying corporate culture and learning from Japan. Thus, everywhere training in corporate culture was held, and everybody was reading articles about corporate culture. In a "campaign-like" hot trend, people looked at corporate culture as a "cure-all" medicine. Consequently, corporate culture became a big omnipotent "bucket", into which people put everything.

As a result, many enterprises, while being passionate about corporate culture building, forget that they didn't have coherent management systems. As a matter of fact, culture is not omnipotent; culture is a beneficial supplement to enterprise management systems; however, it cannot replace the management system. Developed countries focus on corporate culture building with the background of already existing strict management systems, and the systems have reached a certain phase

where it starts to restrain the development of the enterprises and of the employees; therefore, continuously relying on systems will be unhelpful in solving problems. That was when the corporate culture of emphasizing “soft restraint” arose. If an enterprise is trying to replace systems with corporate culture without a strict management system as the foundation, it will be like building a house in the air, mission impossible. Some Chinese enterprises are probably already on this road. We need to know that corporate culture is not a “cure-all” medicine. It needs a strict and matched system to play its role.

6.4.3 *The Unduly Grand Ideal*

Many Chinese enterprises have highlighted some great ideals, or corporate spirit, when developing their corporate cultures or establishing their “visions” or “missions”. For example, China Mobile Group sets up its corporate spirit as “Reform and Innovation, Development without any delay, work hard, team cooperation”; and its values are “to continue to create more value for the enterprise and society”. Shanghai Bright Dairy & Food Co., Ltd.’s mission is “Innovate life, share health”, and its values are “Go beyond oneself, pursue excellence, contribute to society, fulfill dreams, be honest and trustworthy, be friendly and generous”. Bao Steel Group’s corporate spirit is “In good faith, be simple, make the right effort, be fast and efficient”, its values are human-oriented (including customers, investors, society and employees). Some of these principles are well matched with the enterprises’ businesses and management; but some others look more like just trying to create the effect of “being grand”. If enterprises hope to use this method to unite people, the result may not be as expected.

A lively corporate spirit which can influence employees’ behaviors and build up the corporate image only if it matches the reality and tightly integrates an enterprise’s spirit, mission and visions with its core business. For example, Qingdao Telecom’s old values were: “Be united, love the company, seek truth and pursue top place”. This kind of slogan is not very different from the grandiloquence used by many enterprises. When the telecommunications industry was still a monopoly, users didn’t have other choices; so, the enterprise didn’t push itself to improve, even when the demands of users were fast increasing. Building up a corporate culture was more like pursuing a fashion back then; it did not become the principles which could guide and constrain employees’ behaviors. As a result, the employees had a very low sense of service; the attitude and quality of services were very bad. In order to find the right values, the high-level management of the company carefully analyzed the external competition environment and the internal conditions. They realized that, as a service-oriented telecom company, the satisfaction rate of customers and market share were a better indication of the company’s competitiveness than development speed or enterprise rankings. The company started to reform the original systems by taking increasing service quality as the core, and also started to guide the establishment of a new value by setting increasing service quality as the

direction. In the end, Qingdao Telecom established “teamwork, service first” as the values. In this way, the values aligned with the company’s business and played a practical role in guiding the development of the company (Zhang 2002).

In fact, enterprises did this for a reason. Traditional state-owned enterprises always identified with the needs of the country, and tried to unite people’s minds by adopting values which were closely related to the fate of the country. Nowadays, the power to appoint and dismiss top management at state-owned enterprises remains in the government’s hands. Therefore, having a slogan expected by the government helps enterprises to maintain their legitimacy politically. Private enterprises often imitated state-owned enterprises in their early stages because they also faced legitimacy issues, which was why they continued to advocate those grand principles, even though they were not practical. In these circumstances, even foreign consulting companies might also be tempted to develop grand “visions” for enterprises – and progressively become good at it.

The values set by Chinese enterprises naturally will reflect some of the characteristics of Chinese enterprises. Some scholars have compared the values of a selection of good Chinese and American enterprises. They found that, similar to American enterprises, Chinese enterprises also attached great importance to customers, innovation, teamwork and other principles (Qu 2007). However, comparatively, American enterprises think the organization and people are equally important, while Chinese enterprises apparently think the organization is more important; American enterprises are more individual-oriented, but not in the extreme. For instance, variety, equality, care, dignity, and happiness are mentioned more frequently in an American enterprise; while, in a Chinese enterprise, we hear more about society, the country, dedication, study, discipline, making efforts, the environment, being practical etc. As another example, in American enterprises, “development” mainly refers to individual career development and capacity enhancing; but in Chinese enterprises, “development” shows up more frequently in “sustainable development”, which refers to the development and the “greenness” of enterprises. In addition, these principles are added to some Chinese enterprises’ slogans probably because of fashion trends, because that is what all enterprises are doing. They might not match the enterprises’ reality. Meanwhile, Chinese enterprises have stronger performance orientation than the US. This means Chinese enterprises put more emphasis on encouraging and rewarding group improvement and pursuing excellence. However, American enterprises have a stronger human orientation than their Chinese counterparts. This means American enterprises put more emphasis on equality, selflessness, generosity, sympathy and kindness.

6.4.4 Over-Reliance on Image Shaping

From many Chinese enterprises’ perspective, “shaping the enterprise’s image” is one important objective of corporate culture construction. As a matter of fact, according to data published in 2004 by the Chinese Entrepreneurs’ Investigation

System, nearly half of the enterprises surveyed (43.4 %) set “improving the enterprise’s image” as one of their objectives of corporate culture building. A good image certainly will win favour among customers.

However, during the process of those campaign-like corporate culture constructions, many enterprises primarily attached importance to image shaping, including trademarks, advertising slogans, reference colors, logos and theme songs. These aspects certainly are necessary for representing an enterprise’s corporate culture; however, enterprises should not “catch the shadow and lose the substance” by only focusing on these elements and ignoring management. “Packaging” and “spin” are not enough to shape a good corporate image. As COFCO president Ning Gaoning said: “Nowadays, enterprises are attaching more importance to promoting their healthy corporate culture. There are many official ways of promoting corporate culture, most enterprises use meetings, slogans, corporate journals, staff alignment etc., and these are easily acceptable to people. The problem is that not everything you promote superficially can become the core culture of the enterprise; the superficial corporate culture often becomes the bad stuff which cheats on everybody, including yourself . . . ” (Chinese Entrepreneur Investigation System 2005, p. 147).

Qingdao Telecom seeks to reinforce its corporate image of “love delivered to all family” through each contact between its employees and its customers, which is worth learning by other enterprises. Qingdao Telecom attaches importance to using genuine caring to win customers; it hopes customers can feel the authenticity of that care in every facet of their work. Once, an old couple came to one of the company’s retail shops to request a caller ID service and pay a telephone bill. The old man used all the couple’s money to pay the bill. As they were about to leave, he told his wife they would have to walk home as they had no money left for bus fares. The shop assistant heard this and immediately returned the old couple two Yuan for bus fares, indicating the fares were on her. But the old couple would not accept her money so she chased them to the door and put the money in their hands. On another occasion, an old man called the testing station to report that his phone often was disconnected. The staff on duty checked the phone line but found no problems. She suggested it must be the problem of the telephone wiring in the man’s home. According to the rules, customers are responsible for repairing hardware faults inside their homes. However, the old man indicated he could not do this himself. So, the staff member on duty used her own lunch break to help him: She bought new phone wire, went to the old man’s home, replaced the broken wire, and returned his phone service to normal (Zhang and Wang 2006, pp. 402–412). Both these cases are now used models from which later employees learn. Thus, the corporate image presented by these cases becomes deeply imprinted in people’s minds.

6.4.5 Regulations and Culture Being like Oil and Water

An enterprise needs to practice its principles more coherently; in other words, an enterprise needs to, put the culture concept on the ground and let it merge with an enterprise's internal management and the actual behaviors of employees. Some enterprises focus more of their energy on beautifying their external images; they see corporate culture building as "image project" or "face work". As a result, what they say and what they do go in completely different directions – as oil and water do. For example, an enterprise might design a complete Corporate Identity System (CIS) for itself. It builds up an "advanced thinking, standardized management" image for the enterprise from different levels, including concept (corporate spirit, corporate values, corporate belief, management aim, business strategy, corporate responsibility, development planning etc.), behavior (organizational systems, management standards, product development, social responsibility activity etc.), and vision (corporate name, corporate brand, corporate reference font, reference color, slogan etc.). However, once you really got to know the enterprise, you might find out its actual management is a mess, it is very different from what it claims.

Since Chinese enterprises started becoming enthusiastic about corporate culture building, many of them hoped it would give them a big push forward in their development, some even hoped to copy Japan's success. However, because their management foundation was weak, corporate culture building often remained only superficial. Many enterprises often focus too much on the superficial aspects of corporate culture building. For example, they try to use staff alignment parties or internal journals to build up corporate culture. Short-term excitement cannot really generate significant meaning for the business and management of enterprises. As a result, corporate culture and business-running were not supportive of each other, and they even went against each other in some aspects. This is what some scholars call the "two skins" (Chinese saying similar to oil and water) phenomenon of management reality and culture campaign.

Corporate culture building needs to be consistent with the management reality. In the long term, the "two skins" scenario will not only fail to upgrade the corporate image, it might create an untrustworthy image for the enterprise. Corporate culture should be a reflection of the enterprise's management behaviors at an abstract level; it should match all of the enterprise's management behaviors. Building corporate culture by only working on a part of the whole is not enough. Corporate culture has no form, so it is not rules written on paper. As a matter of fact, any society's or enterprise's behaviors cannot be totally managed by words or rules; no enterprise can control what employees are thinking when they are at home, no one can really control what kind of tone a manager uses when talking to his staff. However, corporate culture is able to form such a standard. This standard operates at the subconscious level of people's minds; people who don't accept the standard will feel excluded by the enterprise. In many of the excellent enterprises in the world, strong and powerful corporate culture makes employees feel encouraged, and encourages them to take efforts in the direction expected by the enterprises. In

the atmosphere of a strong culture, people feel happy and comfortable in developing their creativity; people who do not fit into the environment will feel uncomfortable, establishing the mechanisms of “culture selecting people” and “culture retaining people”.

6.5 Conclusion: The Evolvement and Future of Corporate Culture Construction

Corporate culture is one important step in establishing a long-lasting business; it can provide many advantages to an enterprise. However, as with any competitive advantage, the construction of corporate culture needs to be integrated with steady work which matches the reality of the enterprise. All enterprises successful in corporate culture building are first good at fundamental management building; also, their culture building matches the actual demands of the enterprises' businesses. In this regard, many Chinese enterprises still have a long way to go.

For a long time, influenced by the tradition of state-owned enterprises, many enterprises used slogans and ideals to encourage people. After adoption of policies of Reform and Opening Door, employees' appeals for benefits, as well as their ideologies, appeared in many different forms. Enterprise leaders then realized that depending only on ideals and slogans was no longer enough to stimulate employees; that a strict management system was needed. The process for establishing systems is slow. Chinese enterprises were already far behind developed countries in this regard. In addition, private enterprises only started to appear in the 1980s, they were starting from scratch in terms of systems. However, China and Western countries encountered the concept of corporate culture almost at the same time. Chinese enterprises started to count on corporate culture as a life saver; they thought corporate culture was the way to promote business performance. With this background, they joined a grand and spectacular rush to build corporate culture without even knowing where to start.

After entering the 1990s, foreign consulting companies and their Chinese clients started to design visions and goals, or other cultural content for enterprises, based on their needs. Meanwhile, the Corporate Identity System became very popular. For a while, the trend of building culture was like a fashion, and the content of culture-building also seemed more systematic. As the content of this exogenous type of corporate culture mainly came from consultants outside of the enterprises, the emergence of the “two skins” phenomenon was understandable. In fact, the background of developed countries' corporate culture construction came from the fact that the systems were too stubborn, and even restrained employees' actions, especially in the circumstances where the environment was fast changing, and providing employees with freedom was the only solution to enhance enterprises' competitiveness. Thus, mature enterprises used culture to supplement the shortcomings caused by the inflexibility of their systems. However, Chinese enterprises used culture as a supplement in a situation where their systems were not even completed;

as a result, the corporate culture they built up certainly had limitations, and became a castle in the air.

The exogenous corporate culture actually turns upside down the relationship between the means and the ends. It also has the flaw of being too aggressive. Corporate culture is supposed to form during the long-term development of enterprises; it needs to match certain development phases and the outside environments. It is not built overnight by several activities or a culture project designed by a consulting company. Even to an enterprise which plans to conduct culture reform, the new concept and values also need to be permeated into each level of the business administration, and implanted into every employee's mind by project, piece by piece, so that it is reflected in each employee's behaviors.

During this period of time, there were some excellent enterprises which developed their culture from their own special incidents, workflow, stories and traditions. Thus, the construction of corporate culture must be integrated with the reality of the enterprise, highlight the features of the enterprise, and develop the enterprise's unique culture foundation, combining everything to serve the running of the enterprise (Zhang 2003, pp. 79–80). During this process, these excellent enterprises also learned and absorbed advanced management experiences, systems and culture from foreign companies; their aim was to develop their enterprises, not create a corporate culture as a goal in itself. This kind of culture is called endogenous culture, which appears more vital and more closely integrated with management. The enterprises which have been successful in building their cultures that we mentioned in this chapter mostly belong to this kind. Their cultures were extracted progressively as a result of their management practices. The founder of Shenzhen Kamcaine Textile Garment Company Lou Baijin runs an open and mutual-trust style of management. He invited his employees to participate in decision making, which won the trust of the employees. The company's productivity is 50 % higher than other companies in the same industry. The first time its management heard the term, corporate culture, was when people visited and commented that the company had a good one. This kind of company seems like it learned after doing, but it actually had been building its image and influencing its employees' behaviors through the power of culture. In a nutshell, to build a good corporate culture that can help improve performance, enterprises must base it on their own reality and steadily build up their management systems at the same time as they build their culture.

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