

MGT 407



International Management Practices

China is a socialist market economy that combines distinct market forces with state intervention in its political system.

Through laws and regulations, the Chinese government influences management practices and company activities, playing a major role in directing economic development.

Confucian values have long been embedded in Chinese culture, impacting management approaches that prioritize harmony within the group, hierarchy, and deference to authority.

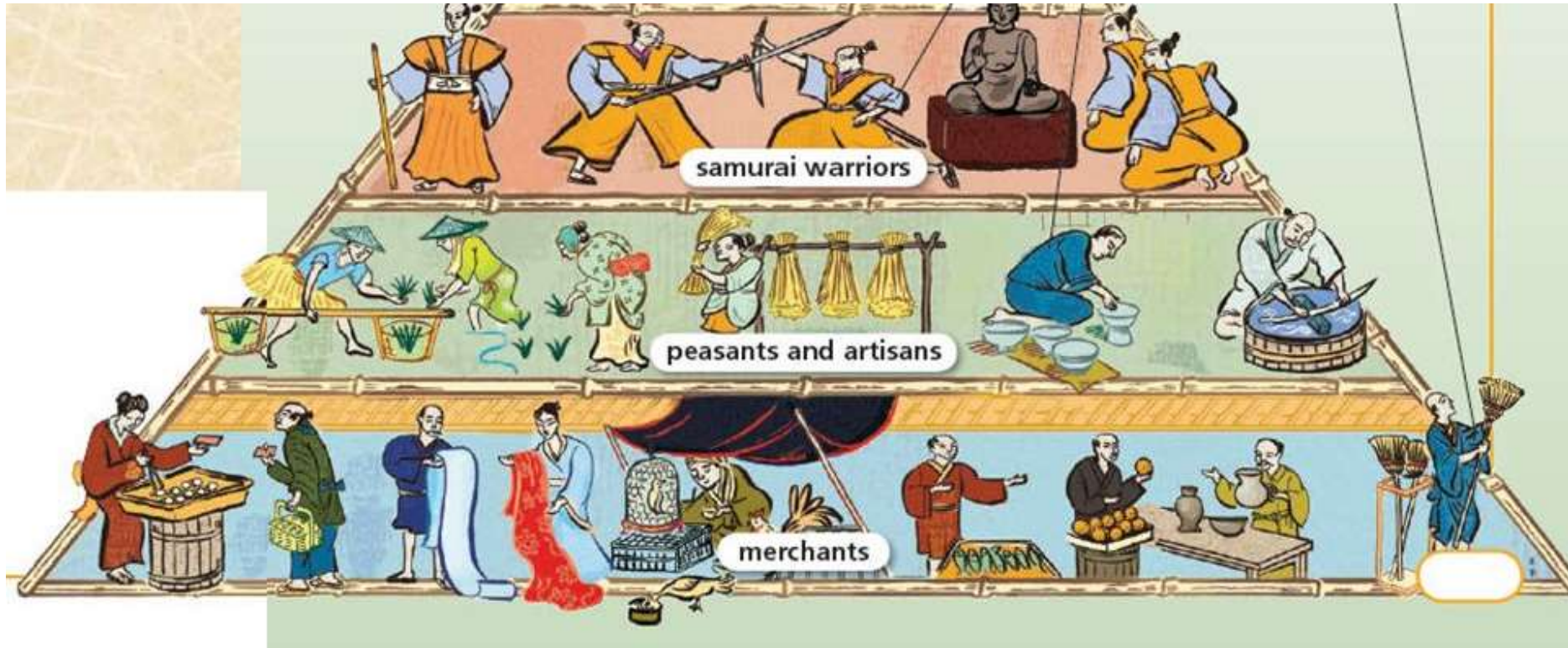
Principles of Chinese Management System

- ❑ **Collectivism:** Emphasis on group harmony and cooperation
- ❑ **Hierarchy:** Strong respect for authority and seniority
- ❑ **Pragmatism:** Practical problem-solving guided by long-term vision
- ❑ **Harmony (He):** Balancing conflicting interests for stability
- ❑ **Confucian values:** Moral integrity, loyalty, discipline, and respect



Confucian Values

- In Japan, as in China, Confucian values influenced ideas about society.
- According to Confucius, the ideal society depended on agriculture, not commerce.
- Farmers, not merchants, made ideal citizens.
- In the real world of Tokugawa Japan, however, peasant farmers bore the main tax burden and faced more difficulties than any other class.
- Many of them abandoned farm life and headed for expanding towns and cities.
- There, they mixed with samurai, artisans, and merchants.



Social Environment of Management

- ✓ **Demographics: World's largest workforce; aging population challenges**
- ✓ **Education system: High focus on science, technology, and management**
- ✓ **Social harmony: Influences communication and decision-making styles**
- ✓ **Social networks (Guanxi): Personal relationships crucial in business success**

Cultural Environment

- ❑ Confucian philosophy: Ethics, respect, and relationships
- ❑ Power distance: Acceptance of unequal power distribution
- ❑ Collective orientation: Group consensus valued over individual decisions
- ❑ Face-saving (Mianzi): Preserving dignity and avoiding public criticism
- ❑ Example: Huawei's teamwork culture rooted in Confucian harmony

Political Environment

- ✓ **Single-party system (CPC): Political stability with centralized control**
- ✓ **Government-business integration: State involvement in enterprises**
- ✓ **Five-Year Plans: Strategic direction for economic and managerial development**
- ✓ **Example: State influence in Sinopec, China Mobile**

Legal Environment

- ✓ **Evolving legal framework: Corporate law, IPR, and labor codes**
- ✓ **Foreign investment laws: Encouraging innovation and joint ventures**
- ✓ **Regulation enforcement: Sometimes inconsistent; local autonomy matters**
- ✓ **Example: 2019 Foreign Investment Law enhances transparency and protection**

Challenges in Chinese Management System

- ✓ **Balancing state control with market efficiency**
- ✓ **Managing corruption and bureaucracy**
- ✓ **Addressing income inequality and rural-urban divide**
- ✓ **Ensuring innovation under political conformity**
- ✓ **Global perception challenges: Transparency and human rights**

Managerial Tendencies in Chinese Management

- ❑ Authoritarian but participative leadership**
- ❑ Long-term orientation: Strategic patience**
- ❑ Emphasis on learning and adaptability**
- ❑ Relational management (Guanxi): Trust and loyalty**
- ❑ Hybrid leadership: Confucian ethics + Western efficiency**

Comparative Insight: China vs. Western Management

- ❑ Decision-making: Centralized vs. Decentralized**
- ❑ Leadership style: Paternalistic vs. Transformational**
- ❑ Motivation: Group vs. Individual**
- ❑ Communication: Indirect vs. Direct**
- ❑ Ethics: Harmony vs. Rule-based compliance**

In business transactions, guanxi, or interpersonal relationships, is also very important because it promotes cooperation and confidence.

Comprehending and maneuvering (guiding/steering) through these cultural restraints is essential for proficient Chinese administration.

China's legal system has experienced significant revisions to bring it into compliance with global norms, offering a stronger foundation for conducting business.

Notwithstanding, certain obstacles persist, namely around safeguarding intellectual property and steering through the intricacies of a swiftly changing legal terrain (environment).

To sum up, Chinese Management is a complex fusion (blend/mixture) of changing legal frameworks, cultural norms, and political direction.