

FACTORS OF FORMING OF THE CORPORATE CULTURE OF CHINESE ENTERPRISES

Barabas D., Ph.D., associate professor, SHEI «KNEU named after Vadym Hetman»

Kravets M., student, SHEI «KNEU named after Vadym Hetman»

The successes (and failures) of Chinese companies on the global market largely depend on the specific combination of values, norms and rituals that compose their corporate culture. Its specific character has been formed and continues to crystallize under the influence of three sources:

- 1) traditional Chinese culture that had been forming during thousands of years;
- 2) socialist management practices that has been developing for half a century;
- 3) modern concepts of management, mainly Western [10, p.154].

Traditional Chinese values are mainly embodied in Confucianism. The basic category of the Chinese perception of the world is not individual but a vital community which has a hierarchical structure. The individual “ego” in it is subordinated to some higher, collective unity and it is justified by it. For this reason, for Chinese the moral effort of the improvement and self-transcendence coincides with the pure experience of “life as it is”. To be yourself in the Chinese way means to live in full harmony with environment and if the conflict of the individual with the society happens it is individual who is always wrong. The society is considered to be impartial and fair judge of human actions” [2; 3].

According to the ideology of Confucianism, it is necessary to contribute to the preservation of the past and develop all the best of it, as there is the key to the present and future in it. Confucius was convinced that people need to follow the path of nature, and achieving harmony with others and with the world in general is the main goal of human life [5].

The hard authoritarianism is spread in the Chinese companies. The head is not just a Manager, but a kind of "Emperor". He and his subordinates believe that the Manager has personal authority. The chief is not a job, it is a person with a set of outstanding features. He is the smartest, the most conscious, and he knows how to do the best. It is he who alone comes to almost all decisions, concerning the organization. Only he has the full information on company status and shares it grudgingly with some employees. He is the only one who knows the motives and objectives of decision-making that allows him to keep an appropriate distance from his employees. The vigilant control of the authorities over the actions of subordinates is considered to be necessary and reasonable [2]. The subordinates are characterized by a low degree of initiative, which is compensated by the serious attention to details.

Primarily the Chinese corporate culture is based on ethics. The people of China believe that the moral actions of a person determine his fate. Also the important role in a corporate culture plays the communication. The Chinese say "communication is a Western concept, not Chinese. We never talk about what it means to communicate with each other". Every Chinese is trained from childhood not to speak about his opinions and "to swallow" insult and dissatisfaction for the sake of harmony in the team. He tries not to discuss and not to argue, but "comprehend silently" the meaning of what is happening. An open exchange of opinions and especially the opposition to the head are unthinkable things in the Chinese environment.

Here are just a few of the typical principles of corporate communication in China:

1. Action according to circumstances is more important than the abstract truth.
2. Speeches must be vague and uncertain, as it gives the advantage in a strategic confrontation.
3. You need to get your partner to reveal his intentions, but not to reveal yours.
4. While negotiating you should leave a space for an independent maneuver.
5. By signing the contract, do not rush to fulfill it, but "act according to circumstances".

Here a decisive role is playing the principle of the "variability of the world" – the new circumstances are always more important than the old arrangements. It means that for Chinese it is normal to reach an agreement to supply for one company, but sell to another. As well as the principle of "harmony of human relations", implying that it is impossible to offend other person. Therefore, they almost always say "Yes", even when they can't do it. [2].

Chinese proverbs say about the importance of harmonious relations between business partners. For example, "man without smile should not open a shop", or "docile nature and friendliness produce money". The hierarchical relationship binds the respect and responsibility, while friendship and interpersonal harmony is necessary in the relationship of people with equal status. In China the initial drafting of the opinion on the person can last days, weeks, even months and includes home visits, invitations to sporting or other events, long meals together, while everything except the business is discussed [1].

The Chinese are convinced that for building a successful business you must develop a harmonious corporate culture, which will inherit the traditional understanding of the consensus of Chinese nation, to adopt the best world achievements, to reflect the advanced ideological trends of the era. This culture must be progressive, actual, successive and embrace the harmony of the interaction of man and nature, unity and harmony between people, even intrapersonal harmony [4].

Analyzing the organizational culture of Chinese companies it is necessary to consider the existence of the phenomenon of "guanxi". This word can be translated as "the relationship, the connection", but it means much more. It is a whole system of complex relationships that are supported over the years, often not in the first generation. The presence or absence of "guanxi"

defines not only personal relationships, but also can have a serious impact on making decisions [7].

Good "guanxi" depends on the accurate system of mutual exchange of services. This does not mean an immediate return of "debt" in the American style: "I am doing someone a concession and expect to get the same thing in exchange, moreover today." In China they do not hurry. Favors are almost always remembered and returned, but not immediately. This long-term exchange of services is the cornerstone of a strong personal relationship. To forget a favor that was once made – it means not just to reveal bad manners, it's just immoral. If someone is called "wang' en fuyi" (the man who forgets favors made), his business reputation is ruined forever.

Chinese companies are characterized by a strictly structured hierarchy. Moreover, the secretary of the party may have more power than, for example, deputy general director who is above him by the status formally. This is due to the important role of the ruling Communist party of China.

The difference of the sources of the corporate culture of Chinese companies sometimes leads to the contradictions between form and content. Thus, from outside the corporate governance structure is based on a typical three-tier structure of the shareholders' meeting, board of directors, often supplemented by the supervisory board and executive managers (the influence of Western management approaches). But de facto decisions taken by SOEs management are influenced by party organization of the Communist Party of China, represented mandatory at a company with the party group or committee. Before making important decisions, the board of directors and top management must "consult and take into account the views of the party organization and then to inform it on the results in a written form [8, p. 424 425]. These decisions, as researchers observations show, include, enterprise development strategy, medium- and long-term plans, production and operating policies, annual financial budget, the restructuring of corporate accounts, preparation of internal rules and regulations and, of course, key appointments [11, p. 656]. The Communist Party of China via the pyramidal management structure and constant management rotation effectively controls many state-owned enterprises. In this way the corporate culture of the Chinese companies continues to develop, selectively integrating forms and principles of modern Western management in the systems of management and labor relations developed under the influence of Confucianism and socialism.

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