



Research on Organizational Management of State-Owned Enterprises in China - Based on Organizational Behavior Theories

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Abstract. State-owned enterprises can be abbreviated to SOEs. SOEs are the dominant force in China's national economy. SOEs are an important force in promoting national modernization and safeguarding the common interests of the people. However, many SOEs in China have encountered various organizational and management problems. These problems to some extent hinder the innovation and development of SOEs. Therefore, it is of practical economic significance to study the organizational management of SOEs. The paper aims to study and analyze the difficulties encountered by Chinese SOEs in organizational management, and provides feasible suggestions for the organizational management reform of Chinese SOEs in combination with the relevant organizational behavior theories. The paper mainly adopts the theoretical research mode. Some theories and models related to organizational behavior are used in the paper. These theories and models include team effectiveness model, organizational structure related theory, organizational culture construction related theory and the job characteristics model. The research finds that there are many problems in team building, organizational structure and corporate culture building in China's SOEs. These problems include low team effectiveness, rigid organizational structure and deviation of organizational culture construction from organizational goals. In this paper, aiming at these three dimensions and combining with relevant theories of organizational behavior, some feasible suggestions are provided for Chinese SOEs, including building learning teams, adopting matrix structure and innovating corporate culture.

Keywords: Organizational management · organizational behavior · team building of SOEs · organizational structure · organizational culture

1 Introduction

Organizational management usually refers to the process in which an organization effectively realizes its goals by establishing organizational structure, specifying positions and clarifying the relationship of responsibility and power. In China, state-owned enterprise is a general term for an enterprise funded and managed by the government. State-owned enterprises are also called SOEs. SOEs are the backbone of national economic development in China's market economy environment. This is largely because SOEs plays an

important role in guaranteeing jobs, stimulating the economy, ensuring energy security and promoting infrastructure construction. Most of China's SOEs continue a decades-long tradition of centralized management. In recent decades, China's SOEs need to grasp the opportunity of organizational management reform in the market-oriented environment with the deepening of China's market-oriented economy. Firstly, the development of modern management disciplines provides theoretical support for the internal transformation of SOEs in China. Secondly, the market-oriented environment and fierce competition can force SOEs to learn organizational management experience from private enterprises and foreign enterprises. The purpose of the paper is to analyze the problems existing in the organizational management of SOEs in China by applying the relevant theories of organizational behavior to the actual situation of SOEs in China, and to provide a feasible path for the development and reform of the organizational management of SOEs.

2 Literature Review

There have been a lot of studies on the organizational management and reform of SOEs in China on the basis of modern management disciplines. Chen Weizheng and Huang Yan believe that many SOEs have obvious path dependence [1]. Many SOEs were set up under the direction of the government. Therefore, when choosing management mode, these enterprises are more inclined to adopt U-shaped management mode which is common in government organization structure. U-shaped management focuses on concentrating power at the top of the organization. The enterprise is divided into several units according to functions. The units work under the direction of the highest level. The units is unable to independently make decisions within the department. This shows the lack of autonomy of SOEs. Due to the lack of autonomy and initiative of each unit, SOEs find it difficult to respond quickly to the increasingly complex operating environment. Yao Weihong conducted in-depth research on the internal organizational risk control of SOEs in China [2]. He believed that the backward concept of internal control management in SOEs was reflected in the backward management concept of senior managers and the neglect of organizational culture management. He also believes that the hierarchical management model and the high degree of centralization within SOEs make it difficult for departments to collaborate. Each department is focused on its own efficiency. This has also led to the absence of responsibility in many management links within SOEs. This further hinders the establishment of enterprise internal control mechanism.

In addition to analyzing the problems existing in the organizational management of SOEs, some researches provide feasible suggestions for the organizational management innovation of SOEs. Yao Weihong believed that SOEs should solve the problem of internal control by improving the organizational mechanism and innovating the corporate culture [2]. Zhong Tian believes that team building plays a positive role in the organizational management reform of SOEs in China [3]. He believes that the team building of SOEs should include improving the team incentive mechanism, building the team communication platform and strengthening the team member training mechanism. However, he did not analyze the specific situation of team building in China's SOEs. This is also a limitation of his research. Chen Aixia and Wu Lei suggested that SOEs should

build a learning organizational management model internally to achieve organizational management innovation [4]. Their recommendations include dynamically reshaping corporate culture, using outside experts to take an interventional approach to organizational innovation, building flat organizations, building project-based work through project management, building systematic platforms for information and knowledge exchange, and learning from competitors about marketing strategies, cooperating with colleges and universities to cultivate talents and conduct product research and development as well as optimize internal talent management.

The above studies explain the problems exposed in the organizational management of China's SOEs, and at the same time, some studies provide feasible solutions. These studies have great reference significance and value for the analysis process of the paper.

3 Analysis

In the analysis stage, this paper will make use of the relevant organizational behavior theories, combined with the actual situation of China's SOEs to define and analyze the problems of China's SOEs in organizational management.

According to the team effectiveness model of Paper and Medsker, the paper can analyze the problems existing in team building of many SOEs in China [5]. Firstly, in terms of job design, positions in SOEs in China are usually fixed. Each employee can only complete the task according to the rules and regulations and the requirements of the leader. Many decisions within the department, including contract signing, detailed checking and department business development, need to be approved by multiple reviewing departments and senior managers. This exposes a serious lack of discretion in the job design of many SOEs. In addition, fixed work Settings and repetitive mechanical work result in many state-owned enterprise employees not giving full play to their work skills. Many state-owned enterprise employees put a lot of energy in dealing with party activities and doing chores. Real effective working hours have been cut. This further reduces the importance of jobs in SOEs. In terms of team composition, different types of SOEs in different regions have obvious differences. Many central SOEs, especially those in the financial sector, employ team members who often come from China's best college graduates. For local SOEs, which make up the majority of China's SOEs, the difficulty in recruiting workers and attracting talented graduates is a real problem. In addition, a study points out that there is a huge gap in the team composition of different departments within SOEs [6]. The functional departments responsible for managing and coordinating corporate affairs in SOEs are usually able to attract excellent applicants. In stark contrast, the business units of SOEs are faring well. Many business departments due to poor pay and cumbersome tasks, resulting in the frequent occurrence of talent generation phenomenon in these departments. Many workers in their 40s and 50s are still on the front lines of business. However, there are no new employees to follow. In addition, there is another factor that limits the ability of teams in SOEs frequently. This factor is the phenomenon of "relational households". An another research points out that entering a state-owned enterprise in China means job stability and better salary and welfare and guaranteed welfare [7]. As a result, the work force of SOEs is usually more popular than that of private ones. Many heads of SOEs arrange for their relatives to work in their companies. And many of the leaders of SOEs have been captured by profits. Many people

bribe the leaders of SOEs to arrange a backdoor entry into the establishment of SOEs. Many people enter the workforce without an open selection process, leading to a wide range of attitudes and qualities within the state-owned enterprise sector. In addition to the above, Xie, Fei and Zhou, Cen mentioned that SOEs also lack a performance reward mechanism for teams [8]. SOEs usually require employees to work in a spirit of selfless contribution. Although salaries are stable, there is little room for them to rise. Pay is also not strictly tied to performance. The lack of performance incentive leads to the lack of strengthening process of team motivation and team commitment within SOEs. This leads to poor team stability in SOEs and the loss of grass-roots staff.

In terms of organizational structure, the vast majority of Chinese SOEs adopt the bureaucratic structure, which conforms to the characteristics of the mechanical model in the organizational design model. The characteristics of the mechanical model include high specificity, fixed departmentalized structure, clear command chain, narrow control span, centralized decision-making and high normalization. A research has pointed out that the rigid bureaucratic structure caused many problems [9]. Firstly, since all departments within SOEs act strictly in accordance with the top-down order chain, horizontal communication between departments is strictly limited. Different departments have different goals and strict working rules, which leads to a lack of communication mechanism and a loss of flexibility to coordinate conflicts. Many businesses that require cross-functional collaboration are difficult to execute. Each department is more likely to comply with the rules arranged by the superior to avoid mistakes in its own department rather than flexibly adjust services. This increases the communication cost and resource consumption in inter-departmental cooperation. Secondly, bureaucratic structure of SOEs only has a command chain from the top down, it also leads to the lack of horizontal and vertical channels for the grass-roots units to convey information. Many frontline business units have already detected the changing market environment. However, it is difficult to integrate market information due to the lack of horizontal communication between departments. At the same time, the command chain from top to bottom needs to span multiple levels. When these messages are communicated to the leadership, many times the correct market message is misrepresented. The accuracy of the information is impaired. At the same time, the command chain is too long and there is a lag in the transmission of information. Specifically, the command chain process includes the discovery of new market information at the grassroots level - information is transmitted upward - the leadership makes decisions - orders are transmitted downward - and the decision is implemented at the grassroots level. This process consumes a lot of time. New plans cannot be decided and implemented in a timely manner and many market opportunities are fleeting.

In the organizational culture of Chinese SOEs, the Communist Party culture is a very important part. In China's SOEs, organizational culture is usually the embodiment of socialist culture with Chinese characteristics in the field of market economy. Most of the cultural builders in SOEs are Party organizations and Party members. Therefore, the organizational culture of many SOEs in China has high commonality. Most SOEs in China encourage employees to give freely and expect nothing in return. Many SOEs require employees to respect leaders, obey arrangements and take the initiative to solve difficulties. In addition, SOEs often give employees tenure. As a result, many employees

in SOEs will successfully complete the socialization process. They develop a sense of belonging to the organization and share ideas and opinions with each other as friends and family over the long term. However, Wen. Bing's study points out that there are also many problems in the organizational culture of current SOEs in China [10]. Firstly, there is formalism in the construction of organizational culture. Many SOEs turn the construction of organizational culture into writing articles and propaganda, and pay too much attention to superficial publicity. Secondly, the organizational culture of many SOEs is highly utilitarian. Many SOEs are restricted by the current political system and management system. They usually treat enterprises as mere profit machines and ignore the corporate social responsibility that SOEs should undertake to ensure employment and economic stability. Many SOEs only pay attention to short-term benefits and ignore long-term risks. Thirdly, China's SOEs are too similar in the construction of organizational culture. Since most of China's SOEs have similar party and government backgrounds, many of them will directly transplant the organizational culture of other SOEs as a model, ignoring the particularity of each enterprise in terms of market environment, industry field and business strategy. This leads to the phenomenon that many transplanted corporate cultures do not acclimate to the soil and it is difficult to play its due role.

4 Suggestions

The paper will provide feasible organizational reform programs for China's SOEs based on the analysis of the organizational management problems of China's SOEs and combining with the relevant theories of organizational behavior.

Building a learning team

SOEs need to establish a learning team to give full play to the vitality of the team. Firstly, SOEs need to optimize their recruitment and selection criteria, while enriching the diversity of their teams. When the work team of SOEs is composed of people with different skills, the organization can reduce the mistakes caused by the limitation of individual ability in the decision-making and implementation process. Secondly, SOEs need to promote democracy within their teams. Teams can avoid excessive centralization of power by effectively decentralizing and delegating. Members check each other to avoid individual arbitrary. Thirdly, SOEs need to build a team communication and exchange platform. SOE teams can improve the efficiency of information transfer, share ideas and stimulate internal innovation by increasing the efficiency of communication within and between groups. Fourthly, SOEs need to optimize team performance incentives. Everyone's performance incentives need to be linked to individual performance and the team's overall performance. This will boost team members' motivation and optimize performance.

Optimizing organizational structure. SOEs need to change their traditional bureaucratic structure. Firstly, SOEs need to be both specialised and flexible when designing jobs. According to the Work characteristics model, moderately flexible work design can effectively reduce employees' boredom, stress and absenteeism [11]. At the same time, independent work arrangement can improve the work enthusiasm of employees. In addition, SOEs need to flexibly arrange their organizational structure according to the actual strategic needs and industry characteristics. SOEs can apply matrix structure

in the organization for the product-oriented marketization strategy. The matrix structure gives play to the advantages of both functional and product specialization. On the one hand, functional departmentalization is conducive to the concentration and sharing of resources in the development of products. On the other hand, product departmentalization is conducive to the coordination between different professionals.

Building innovative corporate culture. SOEs need to innovate their corporate culture according to their own strategic goals and market conditions. This requires SOEs to learn from private enterprises and constantly bring the sense of competition, product awareness and service awareness into the corporate culture. In addition, SOEs need to prevent cultural construction from becoming superficial when promoting corporate culture within the organization. This requires the formation of unified cultural values within the enterprise to enhance the cohesion of employees. In addition, SOEs need to clarify their social responsibilities and enhance their overall image and core competitiveness by strengthening their sense of social responsibility.

5 Conclusion

The paper specifically analyzes the problems existing in the team, organizational structure and corporate culture of Chinese SOEs and provides some feasible suggestions for Chinese SOEs in these three dimensions based on the analyzing the relevant theories of organizational behavior. The paper hopes that China's SOEs can realize organizational development and reform by applying these suggestions to organizational management practice dialectically according to their own conditions.

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