

# Research on the Influence of Chinese Traditional Culture on Enterprises' Management Innovation

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**Abstract:** Focused on the question that how to achieve management innovation by employing Chinese traditional culture, this paper took exploratory case study to analysis H Company's management innovation process. The study drew following valuable findings: firstly, the educational function of Chinese traditional culture is consistent with the requirements of enterprise management for employee; secondly, Chinese traditional culture promote the management innovation in the path of "traditional culture—values—behaviour".

## 1. Introduction

Management innovation plays important role in improving organizational operational efficiency<sup>[1]</sup>. The common way of management innovation is the introduction of successful management experience and theories<sup>[2]</sup>. While, literature have proved that local culture would influence organizational management practice in the way of providing management idea and changing management context<sup>[3,4]</sup>. Therefore, Chinese enterprises can implement management innovation with Chinese Traditional Culture. Some ideas from Chinese traditional culture have been interpreted as management theories, such as Master Sun's Art of War, Confucianism, I Ching, and so on. Meanwhile, most studies exploring management theories from Chinese traditional culture belong to theoretical research, lack the combination with management practice<sup>[5]</sup>. This research based on an in-depth, inductive case study of H Company's management innovation process. The research question as follows: Why Chinese traditional culture can be applied in corporate management? How Chinese enterprises achieve management innovation through Chinese traditional culture?

## 2. Literature Review

The relationship between culture and organization has been always referred to as being "bond" which link sociology and management in recent studies. But culture was not taken seriously before William Ouchi(1981) proposed organizational culture theory in his classics of < Theory Z: How American business can meet the Japanese challenge ><sup>[6]</sup>. Ouchi(1981) distinguished different cultural background of America and Japan and the A-type and J-type organizations under the influence of that different culture characteristics. The most important contribution of Ouchi's studies is the Z theory which combined reasonable content of A-type and J-type organizations. Around the same time, Hofstede(1984)employed cultural dimensions theory in measuring cultural difference between different countries, and analysed how the differences impact leadership style, organization design and organizational incentive<sup>[7]</sup>. Along those studies, more scholars focused on the relationships between organization and culture from the perspectives of cross-cultural management<sup>[8]</sup>, contributory factors to organizational culture<sup>[9]</sup>, composition and measurement of organizational culture, and so on. These researches made culture be the important theoretical foundation in exploring management practice.

Chinese economy develop rapidly and stimulate interest of scholars these years. One of the themes academia concerned was the relationship between Chinese enterprises management practice

and Chinese tradition culture. As has been proved, Chinese traditional culture contains plenty of management thoughts<sup>[10]</sup>. Many Chinese scholars devote themselves to structure management theory with Chinese characteristics through exploring Chinese traditional culture. Cheng (1999) extracted the managerial implications from I Ching and Confucianism, and put forward C theory which summarized Chinese management philosophy<sup>[11]</sup>. Studies have explored many theories with Chinese cultural characteristic, and more attention should be paid to research how these theories apply in corporate management practice.

### **3. Methodology**

#### **3.1 Case Selection and Data Collection**

This paper adopt case research methodology, and selected H Company as research object. Case research is particularly appropriate for the purpose of analysis vertical evolution pattern according to rich qualitative data and problems which can't be fully answered in the existing studies<sup>[12,13]</sup>. Our research purpose focused on the problem of how Chinese context effect enterprises' management innovation. H Company located in Liaoning province is a private enterprise. After preliminary analysis, we knew that H company has tried many management innovation activities, and they found that Chinese traditional culture be especially suitable for people management and corporate culture. For example, all staff would read <Disciples Regulation > before work every morning; the interviewees would interpret management system in Chinese traditional culture such as "Faith Is Necessary to the Peoples" (quotations from <The Confucian Analects>) to honesty. Those phenomena proved that the case of H company's management innovation practice is appropriate for our research topic<sup>[12]</sup>.

We collected data in the ways of field observation, formal and informal interviews and secondary data. The collection processes were following: firstly, we collected secondary data from the company's website, books and magazines, annals of statistics and industry trend alerts. Secondly, we conducted formal and informal surveys which involve key informant interviews, observing enterprise operation and getting enterprise archives from May 2014 to August 2014.

#### **3.2 Case Description**

H Company is a private enterprise which focused on automotive coating equipment. The company conducted a series of management innovation practices in development history. In the process, managers found the effective management style which integrate different management ideas from Chinese traditional culture.

The company built its own plant in 2007 to realize autonomous production. In the new factory, production management issues appeared, such as improper production scheduling, inefficient productive process, those problems impacted products supply. Besides serious loss of employees lead to non-contiguous production process and lower job proficiency. The company recruited 134 people to supplement 89 resigned employees from the year 2007 to 2010. The company's managers lacked ripe experience in employee management, H Company's operation were affected greatly and revenue decline year by year.

After multiple attempts failed, H Company's managers began to explore the relationship between traditional culture and management system. H Company implemented new management model which based on Chinese classical book named "Disciples Regulation" in 2010. "The Disciples Regulation was used to educate children on appropriate behaviour in ancient China, but behavioural norms can still be used to regulate employee behaviour", a manager said.

The managers adopt various methods to ensure the implementation of traditional culture management. They invited lecturer specializing in traditional culture to teach the Disciples Regulation. And took measures to encourage employees to learn the culture, such as learning Disciples Regulation be written in the corporate rules. Afterwards, H company kept on exploring more traditional culture be suitable for corporate management, such as < Analects of Confucius >, <Ta Hsueh>, < The Classic of Filial Piety >, < Zhu Family Admonitions >, and so on.

## 4. Case Analysis

### 4.1 Why Chinese Traditional Culture can be used in Corporate Management

In traditional cognition, culture have no direct contact with organization management since norms in culture are mostly vague individual behavioral expression. Case data display that even though H Company has selected the most relevant culture with corporate operation from Chinese traditional culture, the employees wouldn't accept at first. A manager said, "The Disciples Regulation tell about how to be a good children or a man with proper conduct, and I don't think it can help improving corporate management." Some employees expressed, "I came to only for work, not for brainwash", "Don't tell me how to be a man, just tell me how to work".

However, bad employee behaviours--such as resignation, slackness, breach the regulation--reduced greatly as the implementation process of traditional culture management, and management efficiency is greatly improved at the same time. This transform prove the consistency between Chinese traditional culture and corporate management. Why? The managers hold the perspective that one should be a good person before be a good employee. This idea equate traditional culture with management thoughts in fact. On the other hand, H Company selectively introduced traditional culture which related to individual behavioural norms, such as the Disciples Regulation. Those norms extracted from Chinese traditional culture such as personal enhancement, harmonious interpersonal relationship are consistent with the appropriate behaviours of enterprise. The consistency is the very prerequisite why Chinese traditional culture can apply in corporate management.

### 4.2 How Traditional Culture Work in Corporate Management

We have analysed the consistency between the two management ideas, but it not means traditional culture can be directly used in corporate management. This section would make up the gap between culture and management objective.

Traditional culture contain behaviour guidance, but it doesn't work through command like other corporate rules. "We need not to force the employees to obey rules which related to traditional culture now. They have changed through traditional culture management." A manager said. The change more like a cultural identity, a change of values. But how does it happen?

The values changed due to the following reasons: the enterprise' measures to strengthen employees' acceptance to culture and the employees' cultural identity to Chinese traditional culture. The corporate practices include propaganda, material incentives, effects of ceremony, and various learning opportunities. And the cultural identity came from the staff's education related with traditional culture in school, family and even in everyday life. H Company's traditional culture management functioned in arousing, supplementing and strengthening the employee' existed values and combining it with corporate rules. The mechanism of traditional culture management can be drew framework showing in figure 1.

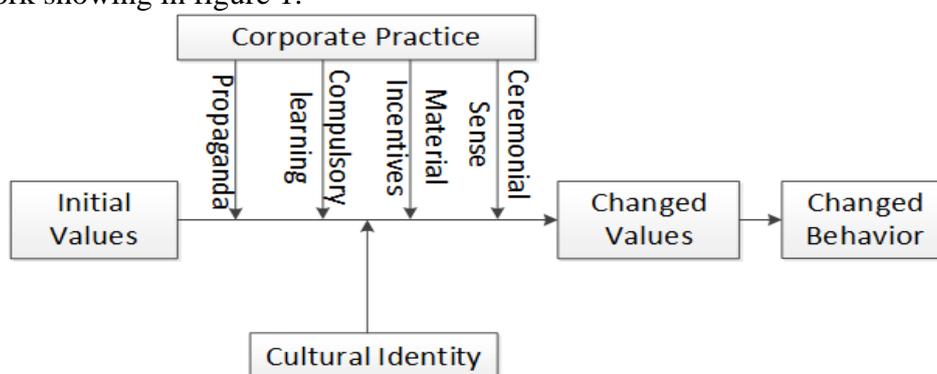


Figure 1 The action mechanism of traditional culture management

Traditional culture could guide staff behaviour through affect their values. Employee who live in Chinese social environment would identify with the traditional culture naturally. Due to the

penetration of culture on society, people would be exposed to traditional culture constantly. Therefore, corporate management system combined traditional culture would be accepted and promoted rapidly by employees. Besides, from the perspective of enterprise, exogenic action help to stimulate employees to accept traditional culture. The efforts of publicity and compulsory learning can improve employees' understand on connotation of traditional culture. And the material incentives make employees contact with traditional culture on their own initiative. Ceremonial sense reinforce the "legality" of traditional culture in the employees' mind. Thus, the introduction of traditional culture would match employees' values with enterprises', and lead to behaviour conducive to enterprise operation.

According to the result of H Company's management innovation, values should be the key link between cultural management and appropriate employee behaviour. This management innovation process can be explained in the causal path of "traditional culture—values—behaviour".

## 5. Conclusion

According to the case study of management innovation activities in H Company, this paper focus on the problem that how traditional culture promote management innovation of Chinese enterprises. The article drew two key findings: firstly, the educational function of Chinese traditional culture is consistent with the requirements of enterprise management for employee; secondly, traditional culture promote staff to perform a business-friendly behaviour through influencing their values, which follow the path of "traditional culture—values—behaviour".

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