

Features and Trends of Chinese Management Style in the New Economic Era

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Abstract: According to the historical environment and national policies in different periods, Chinese business managers have gradually explored and formed management capabilities in accordance with market needs. Chinese management style has been established, based on the characteristics of Chinese society and the specific conditions of Chinese enterprises, applying China's excellent philosophy to business management. It absorbs global scientific management concepts and forms a management model with Chinese characteristics. Chinese management style has gradually influenced the development of world management. It is of great significance to study the Chinese management style. Studying the formation of the Chinese management style is not only to examine and analyze its own development process but also to deeply explore the characteristics of the Chinese management style and provide new ideas for management models for companies in other countries. This paper analyzes the reasons and characteristics of the formation of the Chinese management style and puts forward suggestions for the development trend of the Chinese management style through comparative and SWOT analyses.

Keywords: Chinese management style; Management features; Market economy; Management philosophy

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1. Introduction

The model of management varies in different countries. It is established along with its economic development and transforms along with the change of society and can be influenced by culture^[1]. China has a long history, and the economy has already entered a comprehensive opening-up market. Currently Chinese economy is at the stage of steady and quick growth, with a steady increase in international market share. Meanwhile, with the in-depth development of internationalization, Chinese enterprises have a certain impact on the development of the world economy. Analyzing the Chinese management style is of great significance to the development of the Chinese economy as well as the world economy.

2. Problem statement and research questions

In the past decade, there are many research articles about cultural influences on Chinese management and historical analysis of Chinese management characteristics. Few systematic reviews seem to have examined the Chinese style features and its interaction with the global economic system.

This study analyzes the influential factors and features of the Chinese management style to find out the shortcomings of the Chinese management style as well as to improve and discuss its development trend under the new economic era. Three research questions were proposed:

- (1) What are the reasons for the formation of the Chinese management style?
- (2) What are the features of the Chinese management style?
- (3) What is the development trend for Chinese enterprises in the new economic era?

3. Literature review

3. 1. Main styles of management

3. 1. 1. American style

Among the popular management styles at present, the American style is recognized as the earliest, most developed, and most influential style^[2]. Since Frederick Taylor first invented scientific management, American companies have formed management characteristics that emphasize systems, contracts, and management techniques. It can be said that contractualization and institutionalization are the core of American business management^[3]. Strict systems and organization, scientific division of labor, standardized methods, clear distribution of authority, sophisticated management techniques, etc., these rational management methods constitute a solid foundation for American business management^[4].

Following a market orientation, American companies are obsessed with innovation and dare to take risks. Mark Foster of SVP IBM Consulting once said, “Technology is transforming the business models of enterprises across the globe, creating new opportunities for growth and fresh benchmarks of cost and efficiency”^[5]. Strong demand for innovation has enabled American companies to create many of “the world’s best”, and it has also allowed American companies to maintain their corporate vitality.

3. 1. 2. European style

Europe is the birthplace of the modern corporate system^[6]. From the formation of the European Coal and Iron Community in 1951 to the establishment of the European Union, the European integration process has been promoting and developing the development of European enterprises. While, as a relatively independent economic and cultural region, Europe is not unified in its management mode, and there are many internal differences among countries. The European style is largely influenced by societies and governments^[7].

Taking the example of Germany, the supervision mechanism of German companies adopts a separation, and employees can also supervise the corporate management^[8]. German companies are subject to the government, staff unions, and various supervisory forces^[9].

3. 1. 3. Japanese style

During Japan’s high economic growth in the 1970 s and 1980 s, Japanese companies valued modern business management strategies, which were particularly influenced by the “Anglo-American” paradigm during the 1990 s^[10]. In Japanese corporate governance, companies have strong power on cohesion, and employees agree with “repaying the company”^[11]. Employees’ social activities are closely integrated with the company’s social environment. Japanese companies spend more on research and development than companies in many other developed countries^[12]. Japanese style management emphasizes harmonious interpersonal relationships. It pays attention to a decision-making system of negotiation between upper and lower levels and requires employees to be loyal to the organization and responsible to society^[13].

The Japanese way of thinking also affects the company’s management system. Japanese companies emphasize etiquette, commitment, cooperation, sincerity, and enthusiasm. However, conservative management and reliance on collective decision-making also have a negative impact on the enterprise

under certain conditions^[14]. In the end, these two sides formed a Japanese characteristic management style.

3. 2. Development of Chinese management style

Chinese management style was first proposed by scholar Zeng Shiqiang. Based on traditional Chinese culture and traditional management methods, Zeng founded a set of management philosophy systems with Chinese traditional culture as the core^[15]. He also mentioned, “Appropriately use modern western management science with Chinese management philosophy, and fully consider Chinese cultural traditions and psychological behavior characteristics to achieve better management results”^[16].

Many scholars have carried out relevant research on the Chinese management style. Based on the philosophical books of *Yijing*, *Yin-Yang*, and *Universal Five Elements*, Cheng Chung-Ying formed the “C theory”, a brand-new management philosophy system, integrating hundreds of schools of ancient Chinese philosophy and various management theories and doctrines of East and West^[17]. Later as an extension of the “C theory”, the “C Model” was proposed by scholar Yan Yu in 2010. Su Dongshui believes that the essence of Chinese management can be summarized as a “people-oriented, moral first, harmony, and coordination” concept^[18]. Xi Youmin puts forward the theory of “harmonious management” based on the concept of “harmony” in traditional Chinese culture, and believes that “harmonious management” pursues the “dual rules”: regular management issues can be realized and solved by scientific methods^[19]. Other issues can be analyzed and solved by people’s creativity. The highest state of “harmonious management” is when no action was taken by the state of governance.

Chinese management style has also aroused fierce controversy in recent years. For example, some researchers have proposed that Chinese management is a projection of Chinese feudal emperor culture, and it has drawbacks. These controversies reflect the disagreement between the generality and particularity of management in academia and show that management varies with unique features. The Chinese management style differs from the American and Japanese management styles in terms of characteristics and concepts, which supports the rationality of its proposition. The concept of Chinese management style reveals the inherent cultural attributes. Based on the above considerations, this study analyzes the reasons and characteristics of the Chinese management style in real life and discusses its development trend.

4. Reasons for the formation of the Chinese management style

Management has natural and social attributes, with both universal and national characteristics. Similarly, business management also has its duality^[20]. The cultures and traditions of a country have a profound influence on business management values. Therefore, the social attributes of management presented from a national scale must be deeply influenced and changed by the national and cultural characteristics of a nation.

4. 1. Historical reason

From a historical point of view, culture has a profound impact on its management activities, and it has been accumulated and continued through the nation’s daily management activities, forming a relatively stable behavior and its corresponding cultural values^[21]. Chinese management style reflects its cultural and national characteristics.

Traditional Chinese culture focuses more on philosophies based on historical experience. The earlier research on the Chinese management model is the “C Theory” proposed by Cheng Chung-Ying in 1987. Cheng combined the important schools of thought of Confucius, Taoism, Legalism, and Mohism with the book *Yijing* to form a theoretical framework of the “C Theory”^[22]. The “C” refers to China, Change,

Confucius, Culture, and Cheng Chung-Ying. The inner meaning also contains 5 “C”: Centrality, Control, Contingency, Creativity, and Coordination.

It shows that the Chinese management style is based on Chinese management philosophy, using modern scientific Western management, and fully considering Chinese cultural traditions and psychological behavior characteristics.

4. 2. International influence (external factors)

Since 1992, Western management ideas have been widely introduced into the Chinese management field. Chinese corporate decision-makers and managers have gradually absorbed American and Western management ideas and applied them to business management practices^[23]. However, when some Chinese companies mindlessly adapt foreign management experiences to their own businesses, it does not work effectively in China due to the huge differences in national conditions, cultures, and economic marketplaces.

4. 3. Self-development needs (internal factors)

After more than 30 years of the “Reform and Opening-up Policy” in China, China’s economic development has also entered a comprehensive market economy and market competition has increased. Many scholars shifted to the scientific nature of management thoughts. Considering the history of economic development and system changes in different periods, the strengths and weaknesses of management systems have profoundly affected the development of business and the stability of society^[24].

5. Features of Chinese management style by SWOT analysis

The SWOT analysis is an internal analysis method of a company. Like a company, a management model also integrates internal and external analysis to form its own structured and balanced system.

5. 1. Strengths

The main advantage of the Chinese management style is that its management philosophy comes from the quintessential part of Chinese traditional culture. Chinese management theory is a combination of Chinese nationality and Western excellent management theories. Thus, it has strong applicability in China. It is moderate management with a harmonious relationship between managers and employees. The concept of moderate management is similar to that of harmony as a whole, but it is more prominent in handling conflicts. It is to find the most suitable starting point between the two contradictory parties.

5. 2. Weaknesses

Due to historical reasons, Chinese companies have gone through a period of state-owned enterprises, and China’s industrial modernization started relatively late. The exploration and construction of China’s modern enterprise system have only taken more than 30 years since the Chinese “Reform and Opening-up Policy”. There are still some problems in the Chinese management model.

Firstly, the reform of state-owned enterprises has not been thorough, and it has not yet reached the fully market-oriented level. The goal of being bigger and stronger has not yet been reached. Secondly, the drawback of relations is obvious. Chinese culture pays attention to human relations. In companies, especially in state-owned enterprises, interpersonal relationship is an important factor to promote the development of enterprises, but sometimes it works as a limiting factor. Social relations largely affect economic relations, and the operation of economic relations is inseparable from social relations.

5.3. Opportunities

When globalization enters a new stage, all economic models are facing new challenges. Opportunities are globalized, and economic chains, products, and ideas are all influencing each other across the world. Chinese management style is highly adaptable and can be adjusted to economic prosperity and adversity.

Chinese management style has a short history and has integrated its own and other countries' diverse ideological models in a short period of time. It is quite tolerant and adaptable. The global situation has hit China's manufacturing industry in recent years, which has also increased managers' risk awareness. If Chinese companies can make continuous adjustments and break through their own development constraints, they will have greater space for development, especially technology companies.

5.4. Threats

China's economy is in a transition from rapid growth to slow growth. At the same time, the world economy is more complicated, and the epidemic has a dramatic impact on the global economy. Some countries have adjusted their international trade policies, and trade wars have emerged. Under the background of intensified international competition and rapid technological development, people have realized that the world is a complex and changeable unit. Currently, Chinese companies face greater external shocks. The current international environment is an opportunity for Chinese companies but also a challenge.

6. Trends of Chinese management style

Management concepts should be constantly innovating and improving with the help of the technological revolution. With the help of the "Fourth Industrial Revolution", China has been deepening the reform of the management system, advancing the optimization and adjustment of industrial structure, and further enhancing the ability of independent innovation. China has realized effective resource integration in innovation and management systems. Chinese management style should determine the medium and long-term development vision of the companies, establish new ideas for strategic management development, highlight the central position of technological innovation, adhere to the integration of marketization, and innovate the management system.

Moreover, management innovation must be combined with marketization, following a competitive and cooperative model. Competition promotes the development and prosperity of the market economy. However, with the in-depth development of the market economy, the scale of enterprises has become larger, and there are more cooperations among enterprises and countries. The market economy is transitioning from a competitive model to a competitive and cooperative model. Chinese companies must not only inherit harmonious and unified thinking from traditional culture but also further develop international cooperation.

7. Conclusion

Chinese traditional philosophy is the mentality of management whereby the use of Western management science as the technique. Combining mentality and technique, the Chinese management style theory is rooted in Chinese cultures and traditions, learning from modern scientific management concepts of other countries. Although currently there are practical defects, it has a good philosophical value. During continuous internal reforms, updates, and external learning, the Chinese management style will gradually improve, and ultimately achieve the goal of successful business operations, stable economic development, and a harmonious society.

It should be noted that there is no master key. With the continuous diversification and in-depth

development of Chinese enterprises, Chinese managers should flexibly use it and learn from excellent management ideas according to their own development needs, finding suitable management methods for different types of enterprises at different periods. A good management method allows flexible adaptation to the environment, brings benefits, and helps the company's long-term development. A good theory maximizes the company's advantages within its specific context. The ability and wisdom of continuous learning for innovation are valuable.

Disclosure statement

The author declares no conflicts of interest.

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