The Development of Managers' Intellectual Framework in China:
a Tale from Quanzhou

by

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Doctor of Philosophy in Business Administration

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As one thought leader put it: "If there is still a challenge in this world, the challenge would be the application of the principle of the oneness of humankind." The prevalence of conflict and suspicion, as well as fragmented ways of thinking, in organizational settings suggest that something is missing in management practice. Having served in different types of organizations, one thing I started to reflect upon during these years is how an institution is able to transform from a way of managing with manipulation and domination to a leadership style characterized by service and consultation. The process of investigating Quanzhou managers' intellectual framework has enabled me to look at the root causes that have given shape to this pattern of managerial behavior. However, to form a new pattern of life one needs to have new knowledge, new qualities, and new skills, which enable one to diagnose the driving forces of one's thought system. This can only occur through a long-term process of learning, practicing, and capacity building, just like learning how to paint. As Confucius put it: "Is it not pleasant to learn with a constant perseverance and application?"

This PhD study might be the most liberating and empowering thing I have ever done in my lifetime. The only way Professor Kong teaches me is through his own actions and qualities—such as kindness, humility, wisdom. I am also fortunate to have been assisted by a team of distinguished scholars like Professor Jacky Hong and Professor Joanne Chan and Professor Robin Snell. Their suggestions and comments were valuable in guiding me to further streamline my research project. I learned much also from the staff and PhD students in our university. I'd like to thank, in particular, Professor Jinting Wu; taking her course in qualitative research methods, I learned

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fundamental principles and basic techniques in doing fieldwork. She always gave me kindly advice during the whole process of my study.

I'd like to thank my daughter Mianmian. Through accompanying her in her growth progress, I continuously gain insights, inspiration, and understanding. Finally, I'd like to thank my wife. She always supports and encourages me. We learn together, and I often share my understanding with her.

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Abstract

China's economy is often criticized for its lack of quality, its tendency to take short cuts, and its superficiality, which have given rise to certain side-effects in the society at large. As a result, there is a call for a new kinds of thinking and attitude towards economic development, and the term "new normal" has become a ubiquitous part of Chinese popular discourses recently. There is every indication to suggest that a new stage of national development has arrived. If her present economic and social order is deemed to be defective, an investigation into the root causes of its structure and behaviors—that is, the intellectual foundation – is due. In this process, the business managers of this country have an important role to play. Due to the transitional nature of the Chinese economy and the dynamic pattern of managers' intellectual life, it is all the more necessary to explore how managers' intellectual foundations are formed and manifested in the pattern of behaviors in Chinese firms. This would suggest that an intellectual preparation for change is inherently necessary to the future of China's economy.

To avoid going too far in the direction of parsimony, this study explores the foundations of a defective surface—such as conventions, attitudes, ideas, beliefs, values, views, assertions, as well as methods in management and organizational study—and expands their meaning in a holistic manner. The study endeavors to transcend what the researcher perceives to be the fragmented current approaches to reading managerial thought and behavior. As its working construct it proposes a more integrative approach, the "intellectual framework." Taking the ontological assumption that the essence of an organization is a system of thoughts, this study uses "intellectual framework" as a new lens to look at two issues: the elements of managers' intellectual

framework and how they came into being; and then how the intellectual foundation is manifested in managers' behavior.

Using an ethnographic method, the study examines a group of managers residing in areas that are understood to be going through a period of economic transition. The areas surrounding Quanzhou have traditionally been considered an economic powerhouse engaging in light manufacturing industry, not dissimilar to other regions in many parts of China. Based on in-depth interviews with 50 managers and participant observation conducted in Quanzhou over a period of 6 months, this paper examines the intellectual framework of managers in that city, as a "trial run" in providing a new lens for organizational study.

Survival, family, suspicion, insecurity, transformation, and *renmai* (human relations) are the six themes that emerged from this fieldwork. These themes contribute to the development of the intellectual framework that can help to account for managers' behavior and practices in such diverse aspects as the use of extrinsic incentives, strict internal control system, preferring insiders, financial IPO strategies, buying multiple properties, accumulating more wealth, or choosing high-salary companies. The research showed that Quanzhou managers' search for transformation is itself changing, and includes unrealistic ideas—even while they persist in protecting material achievement in business, never departing from their intellectual framework.

The study suggests that these managers' intellectual foundation is evolving organically as new sources of knowledge are introduced. Intellectually and spiritually sound conversations and small-scale dialogue at the grassroots, through learning as the mode of operation, are proposed to be the necessary conditions for reframing managers' intellectual life. Finally, as Quanzhou is one among a number of economic

powerhouses in China, I hope the findings of this work will contribute to the understanding of Chinese managers in other regions.

Declaration

I declare that the thesis here submitted is original except for the source materials explicitly acknowledged and that this thesis as a whole, or any part of this thesis has not been previously submitted for the same degree or for a different degree.

I also acknowledge that I have read and understood the Rules on Handling Student Academic Dishonesty and the Regulations of the Student Discipline of the University of Macau.

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CHAPTER 1: INTRODUCTION

"The reality of man is his thought, not his material body" (Abdu'l-Bahá, 1969: 17).

"Cognition is the most socially-conditioned activity of man, and knowledge is the paramount social creation" (Fleck, 1981:42)

1.1 Background

Since 2013, the Chinese Dream (*zhongguomeng*) has been widely used to describe a set of personal and national ideals in China as well as the role of the individual in Chinese society (Wang, 2013). The new leadership describes "the new normal" nature of the next stage of economic development. It would appear that after developing from socialism to a rapid-growth market economy during the past 40 years, at this unique historical moment China is experiencing its second transition—the transition to new normal: a moderately prosperous society with slower, high-quality growth (Shi, 2013).

In recent years, according to Zhao (2014), a lot of questions have been raised regarding the fulfillment of the Chinese Dream. For example, how does the individual understand the concept of prosperity or a better society? Is it based on economic growth, or spiritually inclined? Compared with the Western world, what are the dominant visions of human progress in China? With the culture of contest spreading all over the world, is "survival of the fittest" also the key element in the China dream?

In China, this is an era of continuous change that happens on daily basis. People seem to be preparing themselves for the transition. When society, whether of a region or a city, is in a process of change, an intellectual preparation is inherently necessary and it is important to examine people's intellectual life to see how they are adapting to the change, if at all. To identify the deepest source of people's thought system then is the modest goal of this study. The profound challenge for scholars and managers is to look

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deeper into the dynamics of intellectuality in the business field. Where is the source of thought that would enable the Chinese managers to cope with the transition and fast-changing environment? In both management study and practice, the content of thoughts, the nature of questions, and the relevance of answers are some issues that scholars and managers would have to reflect upon.

To begin with, there is clearly no lack of studies and investigations regarding thought structure, including but not limited to underlying assumptions (e.g., Argyris, 1982; Forrester, 1971; Senge, 2006), cognitive maps (e.g., Baum, 1981; Spradley, 1979), frames and framing (Bartunek, 1993; Kaplan, 2008; Garvin & Roberto, 2005), or sensemaking (Weick, 1995) —and the relation of any or all of these with managerial behavior (e.g., Bohm, 1994; Mintzberg, 1989; Douglas, 1986; Senge, 2006; Zohar, 2004). This study aims to investigate managers' intellectual framework, structure of consciousness, or system of thoughts. Through this endeavor, I hope to describe the intellectual foundation of managers' thoughts and its connection with their management behavior and practice.

Social behavior is thought to be arisen from and based on the interaction between the organizational dimension (i.e. the institution with its roles and role expectations) and the individual dimension (i.e. individual with his or her personality and need dispositions) (Clark, 1985). Ferraro et al., (2005) argued that the dominant behavioral assumptions of economics and its language are embodied in current organizational practice. They found that these widely espoused theories will influence how people behave individually, as well as the institutions they develop as contexts for others' behavior. Institutional thought style creates a reality that, in turn, reinforces beliefs in the validity of assumptions of economic theories. For example, premises such as competitive achievement, individualism, materialism, and ethnocentrism prevail in

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Western firms (Trice & Beyer, 1993). Based on these premises, to live a better material life seems to be a fundamental for many, which in turn reinforces beliefs in the validity of this assumption.

Similarly, as suggested by Baskin (2011), managerial practices have been influenced by scientific language over a long period of time. Since classical management theory was first established by Henry Fayol in the early 20th century, the widely accepted scientific paradigm has guided organizational transformation, institutional practices and individual development (Mintzberg, 2009). The reality created by managerial practices in turn reinforces the validity of the scientific method. For example, when planning, process design, quality control, cost accounting, restructuring, and measurement practices reflect the doctrines of scientism, these doctrines would be realized and the image is transformed into reality.

In China, it has been 40 years since the beginning of the transition from socialism to a rapid-growth market economy. What are the deepest sources of thoughts or patterns of behavior of managers in a Chinese city, especially the one at a turning point? There are policies in organizations, but what are the intellectual foundations that support such policies?

In addition to the impact of Western theory, Chinese cultures, traditions, and practices have also helped to shape managerial concepts in that country (Drucker, 1998; Li et al., 2011; Redding, 1993). These concepts are not easily changed as they have evolved from centuries of experience (Argyris, 1976; Schein, 2004; Senge, 2006). In order to gain a better understanding of the features of this transitional stage of the Chinese economy and the complexity of the inner life of the manager, it would be important to explore how basic assumptions, beliefs, views, values, and approaches are formed and

manifested in Chinese firms. So far, few studies have been conducted on the managers' thought system, especially on the more complex, anthropological and systematic aspects, by connecting the overt behavior to its root causes (e.g., Schein, 2004; Mintzberg, 2009), though some attempts were initiated more recently (Cao, 2011; Chen, 2016; Chen et al., 2014).

This study will explore the managers' thought system in Quanzhou firms. Although, cultural differences exist between regions, there are similarities across the management practices of these regions (Mintzberg, 2009). While not directly relevant to other regions, a study on the Quanzhou managers' intellectual framework would provide a lens for understanding the Chinese manager's inner life in general.

In contemporary management discourse, thought system or intellectual framework of managers is often confused with management thought. According to Witzel (2012), management thought refers to "thinking about management," that is, ideas about the meaning, purpose, function, and tasks of management. The Chinese manager's intellectual framework is often associated with traditional or philosophical value systems such as Buddhism, Daoism, or Confucianism (Li et al, 2011; Redding, 1993). For example, for a long time businessmen have been adopting Confucian values in their management system—and in fact, the "Confucian businessman" (*rushang*) is a common term in Chinese popular discourses (Xue, 2009). Also, the name of a region can be used to characterize the management style of a particular group of businessmen or their unique way of doing business, such as Shanxi merchants (*jinshang*) or Anhui merchants (*huishang*) (Kong, 2010). Since the open-door policy in 1978, Chinese corporate management was thought to have been adopting Western concepts. For example, scientific management has become a popular term in Chinese organizational settings (Baskin, 2011).

Culture (*wenhua*) is another term that is often used to interpret thought system. In his famous book *The Ugly Chinese* (*Choulou de Zhongguoren*), Bo Yang (1985) blamed Chinese cultural factors as impediments to the development of civilization in China. Also, the 1988 PRC television series "River Elegy" (*Heshang*) drew upon the State Council report in blaming China's economic backwardness on Chinese culture. In the business field, corporations and managers are often accused of low cultural quality (*wenhuasuzhidi*), due to problematic products labeled "made in China" and numerous tofu-dregs projects (*doufuzha gongcheng*) (Osburg, 2013). There is a lack of trust, confidence, and reassurance about Chinese products and the Chinese way of managing business. Other times, culture is interpreted as an individual manager's educational attainment, a slogan of the company, or the means by which to enrich employees' lives during their leisure time. All these concepts are relevant to managers' thought system, but are fragmented in some way. It is vital to go deeper to see what does a thought system mean and develop a single umbrella construct in a more dynamic and comprehensive manner.

Pei (2006) argued that China is now in a trapped transition, with an imbalance of economic development and political reform. Traditional value systems are serving the self-interest of some elites rather than welfare of the majority. Others point out that China has now transformed to a more neoliberal form of economic and political organization from its socialism with Chinese characteristics (*zhongguo tese shehuizhuyi*) (Harvey, 2005; Wang, 2003). Some discourses produced by managers take it for granted that intellectuality is of no use and money is what matters (Osburg, 2013). Such discourses are often used to justify the incentive and control system of management.

Also, there are numerous complaints about Chinese management regarding its lack of Western managerial concepts, as if what is imported from the West is more superior than the native theory. Taking more MBA courses or similar programs in business schools seems to be the preferred remedy for their deficiency in advanced management theory. Hence, sales and marketing, accounting, human resource management, and strategic planning that are developed in the West or in more matured economies are now popular courses, and indeed compulsory curriculum components of the MBA program in most Chinese business schools nowadays (Warner, 2014). Techniques such as management information systems, marketing surveys, budget systems, and management by objectives are often taught in textbooks and implemented in Chinese companies with various degrees of success. Scientific management, instrumental rationality, and bureaucratic organizational structure are regarded as the most effective ideas for organizational transformation in the modern era (Pfeffer, 1982), and many Chinese managers are deeply convinced about that. Concurrently, however, more and more Western managerial theorists have started to learn from Eastern cultures and traditions in order to seek solutions to their management problems (Mintzberg, 1989; Senge, 2006; Zohar, 2004).

With these multiple interpretations and sources, there is much confusion about management, business operation, and economic development in China, especially after decades of the rapid economic development. In order to discover the root causes of these problems, one approach is to understand the underlying meaning of managerial behavior, especially at a deeper level. The exploring of manager's intellectual framework is an attempt to do that and its premise is that "The reality of man is his thought, not his material body" (Abdu'l-Bahá, 1969: 17). As a corollary, it is the system of thoughts which permeates an organization that constitutes the foundation of

organizational behavior. This attempt, as would be illustrated throughout this paper, would also assume that there is a mutual interactive relationship between the thought of the individual and that of the collective. I am also sympathetic to the social nature inherent in our cognitive activities. Fleck (1981:46) argues that: "What actually thinks within a person is not the individual himself but his social community. The source of his thinking is not within himself but is to be found in his social environment and in the very social atmosphere he 'breathes.' His mind is structured, and necessarily so, under the influence of this ever-present social environment, and *he cannot think in any other way*." As would be demonstrated later, this position would have implications for the methodology of this study.

This study will focus on the intellectual and cognitive aspect of management (Argyris, 1976; Mcgregor, 1960; Schein, 2004; Senge, 2006; Weick, 1995), especially on how the manager's intellectual framework is formed and manifested in the organizational setting.

1.2 Research Goals and Objectives

The topic of this research is "the development of managers' intellectual framework in China: a tale from Quanzhou". The purpose of the investigation is to examine:

- What are the different elements, levels, and structures of managers' intellectual framework in this context?
- How did the intellectual foundations come into being, and how are they giving shape to the current structure of management and managers' behavior?

1.3 Expected Research Outcomes and Contributions

This study intends to look at the transitional stage of the society and economy of China. It is a fundamental challenge for Chinese managers to examine, appreciate, and

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understand the forces operating in the present deficient economic order (Osburg, 2013; Reed, 1991; Richard, 2011; Vernezze, 2011). To date, some studies have been conducted on individual managers' system of thought, aiming to uncover how managers' intellectual foundation affects, facilitates, or trains their practice (e.g., Cao, 2011; Chen, 2016; Chen et al., 2014). The contribution that this study hopes to make is to take a next step: towards the foundation of their intellectuality. It hopes to describe, enrich, and expand the key components of managers' intellectuality in a holistic manner. Consideration has been given to what we know so far about theory, including assumptions, beliefs, ideas, views, values, and methods. This study seeks to use a theoretical angle that is complementary to the existing knowledge base.

Why is intellectual framework, in the researcher's opinion, a better and a more useful concept for exploring this area? The aim is to give both researchers and managers ideas about the root causes of human behavior. This study uses a novel concept that will be able to explain the visible problems in a more comprehensive and convincing way. In reality, solutions cannot always be found near the surface level, because people are not always consistent in what they say and do (Argyris, 1982). One must go deeper to understand the flaws and potential vulnerabilities of the current growth model of China.

Much endeavor has been made in constructing concepts examining managers' thought systems and managerial behavior. Each one is good in itself, but on its own is insufficient. For example, the concepts of cultural values and management thought are somehow limited and limiting. If managerial research and practices just rely on these concepts, there are still difficulties in understanding management behavior in a holistic manner. We see fragmentation in the literature, because no study puts all these concepts into "one container", so to say. In order to know what gives rise to all of these concepts and what holds them together, this study uses a different theoretical angle to study the

intellectual life of management. In so doing it seeks to develop an overall framework uniting these existing concepts. It tries, in short, to find a home for each of them.

The question might be raised how conventions, habits, underlying assumptions, mental model, values, or views can be related to one's pattern of behavior. What do these things have to do with each other? The notion of a container is perhaps useful for understanding the nature of intellectuality (see Figure 1.1). With such a container, we can put all of these concepts into it, forming a new construct. At the top of the container is an event (or behavior)—this is what is visible. The levels below hold the pattern (or a series of events, or repetitive behaviors), the justification (or the structure, reasoning, sense-making), and the foundation (the deepest sources of thought). The container itself could be called thought systems, structure of consciousness, or intellectual framework.
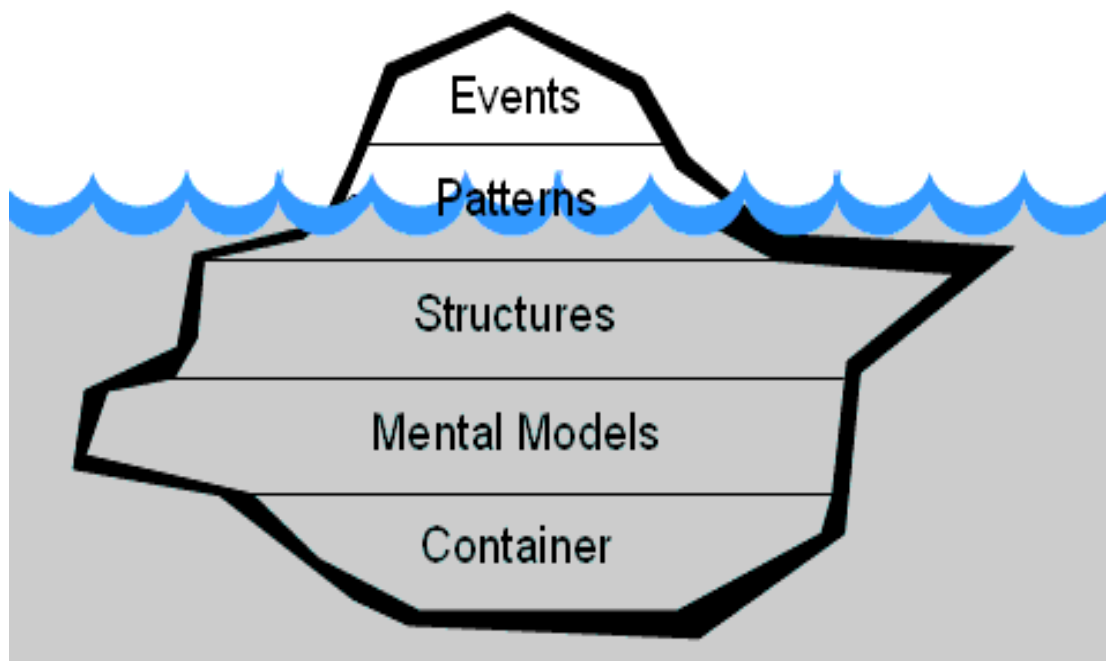
Figure1.1: The Container (Source: yumpu.com)

The levels in the container are different parts of the same framework, interconnected with each other and united as a whole. They occur at the same time. They are interacting in a dynamic way, rather than being static. For the convenience of communication, we can use the container as a tool for conveying the basic idea of intellectuality, which enables us to understand the complexity of thought structure in a simple way. The contribution here is to look for a place for each element, whereby they all unfold in a holistic manner.

The investigation is also concerned with the representativeness of the findings, with the frequency of these themes in the literature, and with understanding the differences between Quanzhou managers' thought structure and that of managers in other regions in China, overseas Chinese, or Western managers. What is of special interest to this study is a group of managers within a geographical or cultural construct who also interact with each other at some level, for the present attempt is sympathetic to the social dimension of intellectual activity. Fleck (1981) argues that "Without social conditioning no cognition is even possible. Indeed, the very word "cognition" acquires meaning only in connection with a thought collective." (43) "Because the entire fund of knowledge as well as intellectual interaction within the collective take part in every single act of cognition, which is indeed fundamentally impossible without them" (Fleck, 1981: 43) This position then is different from the contemporary dominant premise that human intellectual activity is one that an individual carries out on his own, and is independent from the environment or the collective that he is in. While I do not take Fleck's position in its totality, and I readily subscribe to the position that an individual is capable of generating independent thoughts, but I am more comfortable to say that the degree of independence of our thought is tempered by the environment or the collective that we are in.

In addition, the research hopes to clarify the deepest sources of this thought system, connecting to the managers' previous thought model, understanding the historical burden or mindset, and trying to see the root causes of what is happening in Quanzhou. To be sure, changes are taking place all over China—in areas such as the Pearl River Delta, the Yangtz River Delta, and even in western areas of China. Actually, this can be true for any population of the world. People are experiencing challenges to their old mindsets, old ways of thinking. Carrying historical burdens of the mind, they do not yet know what is going on and have only very vague ideas of change. Thus, the findings of this study can also be used to understand managers in these other regions of China where people are facing the same profound challenge, trying to deal with change, and eager to recognize the thought-sources that are affecting their behavior and practice.

In general, the study will provide a more holistic and anthropological description and interpretation of the managers' intellectual framework. The basic outcome of this study is to develop a model of intellectual framework for managers, and hopefully to provide a new lens for organizational study. In the process of qualitative inquiry, through intensive interactions and conversations, managers will be able to gain insights, broaden their vision, and clarify and reflect on their own intellectual framework. They will be in a better position to undertake the cognitive preparation required of them in this transitional stage, and will develop a more coherent framework. Also, the study will be able to obtain local knowledge of managerial expertise and tease out deeper meanings of managers' intellectual life.

1.4 Organization of the Thesis

This paper starts with a description of the research background, the topic and the purpose, and the expected research outcomes and contributions. Following from here

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is a chapter on the review of the relevant literature on the concepts relevant to managers' intellectual framework. The reason for this study is explained, a working definition of intellectual framework is developed, and key themes and elements are explored.

Chapter 3 focuses on the methodology and research design, including topics such as the research paradigm, research methods, site and population, data collection and analysis, validation, and the research reality. First, ontological and epistemological issues are explored. Second, the qualitative, ethnographical approach is explained. Third, the selection of sites and population, the overall design of fieldwork, and the strengths and weaknesses of the method adopted are discussed. Finally, the research reality is described.

Chapter 4 presents the findings from the fieldwork. Fifty managers were interviewed, serving in companies with different backgrounds. Six themes emerged from the data collected in interviews and participant observations. These themes constitute the Quanzhou managers' intellectual framework. The different levels of intellectual framework and the dominant pieces of knowledge in its foundation are analyzed. Chapter 5 contains discussion and conclusions. Reviewing the field data in relation to the literature, it emphasizes the significant findings and presents the theoretical and practical implications of the study. Also, the limitations of the study and suggestions for future study are discussed.

1.6 Statement of Originality

The thesis submitted here is original except for the source materials explicitly acknowledged. Neither this thesis as a whole, nor any part of it has been previously submitted for the same degree or for a different degree.

CHAPTER 2: LITERATURE REVIEW

This chapter first explains the rationale for the study. Then, a working definition of manager's intellectual framework is developed based on a review of the literature on managerial assumptions, mental models, views, beliefs, values, and approaches to management, which are categorized into six themes and eighteen elements . For each of these, the reason for its inclusion, a description, and its implications for managerial behavior are presented.

 When these themes and elements are discussed in the Chinese context, relevant proverbs, idioms, and traditional sayings are quoted. This quoted material is prevalent within a wide range of contemporary discourses on social and economic life in China. The underlying values represented in these sayings seem to be taken for granted, having developed over the course of a long history, and thus play an important role in shaping management practice. Some specific sayings, mainly from Confucian teachings, are still regularly used in people's daily conversations. Although some of these sayings are from the "old days," and may not seem as relevant to younger people, they are still at the core of the intellectuality of most middle-aged people, who will be the major part of my informants. Even if people don't actually believe in certain sayings, unconsciously they tend to behave in accordance with the values conveyed by them.

2.1 Rationale for the Study of Intellectual Framework of Managers

In the different stages of human history, the behavior of people could be understood from the interaction of two dimensions: an organizational dimension and an individual dimension (Clark, 1985). The organizational dimension is to demonstrate differences in authority and responsibility, or in chains of command, and to stabilize various

human relations (Rawls, 1999). There have been numerous types of organizations over the course of human history, including corporations, not-for-profit corporations, governments, non-governmental organizations, etc. Therefore, an appropriate way to understand social behavior is by examining organizations. The more we investigate the pattern of organizational acts, the better understanding we will obtain regarding the behavior of people within that organization.

However, the corporation can also be conceived of as a community that is entirely organized by thought, with emotion, cognition, and social structure linked to this system (Bohm, 1994). By basing itself on certain assumptions of social theories, by changing its material institutional conditions and practices, each corporation would express its own thought style, which is penetrating the minds of its members, defining their experience, and setting the poles of their moral understanding (Douglas, 1986). When structures, reward systems, measurement practices, and selection processes reflect the explicit or implicit theories of their managers, theories and image are transformed into reality (Miller, 1999). However, such normative coherence is not always the case, as the thought structure or consciousness structure is complicated, and the behavior, structure, and its foundation are interacting at both the conscious and the unconscious level. The inner contradictions of thought structure will be discussed later.

The thought system of the corporation is closely interlinked with the manager's mental model (Senge, 2006). Forrester (1971), in defining mental model, posited that: "the image of the world around us, which we carry in our head, is just a model. Nobody in his head imagines all the world, government or country. He has only selected concepts, and relationships between them, and uses those to represent the real system" (p. 54). The way mental models shape organizational perceptions is vital in

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management (Senge, 2006). Although people are not always consistent in what they say and do, they do behave congruently with their mental models (Argyris, 1982). Managers see and experience, while infusing their imagination, traditions, and knowledge into what they see. Parents, teachers, and culture all contribute to creating the mental model in the individual, and all of the person's properties and qualities emanate from this mental model.

Their mental model might, however, limit managers and block their creative energy (Senge, 2006). As Albert Einstein (1946) put it, no problem can be solved from the same kind of thought that created it. Due to its deeper, hidden intentions, the mental model may at times create incoherence and chaos. There may be two intentions in the same person: to become angry and to not become angry (Bohm, 1994). Similarly, corporations might have certain beliefs and values working at cross purposes with other beliefs and values, leading to situations that is full of conflict and ambiguity (Martin, 2002). Consequently, members of the organization have to follow different policies, which are not working together as one cohesive entity, but resisting each other from within. And yet these policies are communicated throughout an organization, and conveyed to everyone else, though the managers may not themselves be conscious of this process (Mintzberg, 1989). These studies suggest that there are inner contradictions within managers' thought structure, as the direction of thoughts is about the visible problem rather than being set by an understanding of the forces operating behind the problem. The existing forces have given shape to the structure, limiting it and blocking the creative energy. However, such forces are mostly operating at an unconscious level.

Although managers are able to access infinite information from the world around them, they are very selective as to the concepts that they would adopt, particular

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decisions they would make, and pay attention to only particular issues, and formulate particular strategies that determine the main structure of their intellectuality. As intellectual faculty will reveal itself in infinite degrees of perfection, managers have to take responsibility for the enrichment and coherence of their own intellectual framework. As Abdu'l-Bahá (1969) says, "The thought force and the animal force are partners. Although man is part of the animal creation, he possesses a power of thought superior to all other created beings" (p. 17). Abdu'l-Bahá further explains that through the power of the rational faculty, man can discover the realities of things, comprehend their properties, and penetrate the mysteries of existence. For managers, only by coming to understand the patterns that are being formed in their own behavior do they come to know their capabilities and their potential (Mintzberg, 1989; Schein, 2004).

Literally, "intellectual" means mental powers or faculties, works of the mind, having the power of understanding, or having capacity for the higher forms of knowledge or thought (in Chinese the corresponding word is *zhixing*, 知性的). It is close to terms such as cognitive, psychological, rational or theoretical. "Framework" is a basic structure underlying a system or concept, supporting or containing something. It is a simplified description of a complex entity or process, comprised of parts adapted and united together (www.translation.babylon.com).

In social science, concepts that relate to intellectual framework include theory-in-use (Argris, 1976), cognitive map (Spradley, 1979), underlying assumption (Schein, 2004), and mental model (Senge, 2006), among others. To avoid going too far in the direction of parsimony, this study will combine the elements of these concepts and expand their meaning in a holistic manner. As pointed out by Joanne (2002), complex ideas may be quite useful, because there is a danger of building a theory that is so simplified that it distorts or misrepresents the phenomenon it is trying to explain. For social scientists,

it is important to develop a relatively complex model through "thick description" (Geertz, 1973). However, this does not mean that the concept of intellectual framework will encompass all the different ways of studying organizations.

The study is based on a simple idea: that the organization can be conceived of as a thought system, and the individual manager's intellectual framework has its impact on this system in a significant way. Senge (2006) described organizational reality as dynamic complexity, which is difficult for the language of financial accounting to deal with. He suggested that managers should share a new language for describing complexity, which will explain how those conditions are created and manifested in the organizational setting. Intellectual framework is an attempt to describe the key components of this kind of dynamic complexity.

For the present attempt, it will be meaningful to explore the similarities and differences among elements of the managers' intellectual framework, their strengths and weaknesses, and the way they are emanating, formed, and manifested. From time to time, in order to prepare for a change, managers have to adjust those elements in their framework that do not fit reality anymore (Drucker, 1994). Such changes have to be shared throughout the company and tested constantly. Managers have to challenge these key factors, keep themselves alert, change some elements as needed, and pay attention to the warning signs. When the elements are being challenged, an old mode of thought is about to be broken (Bohm, 1994).

In China, the assumptions, beliefs, views, values and approaches of managers have emerged from a specific cultural tradition (Redding, 1993; Witzel, 2012). Redding (1993) argues that certain ideas derived from Chinese cultural tradition, such as paternalism, face, *guanxi* (interpersonal relationships), filial piety, and pragmatism,

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have played a significant part in determining the economic behavior that those managers are responsible for.

Since 1978, Chinese society has been in direct contact with foreign concepts, cultures, technologies and lifestyles as a result of reform and the open-up policy. Globalization, foreign direct investment (see Figure 2.1), and the pervading of the Internet have exposed China to unprecedented global knowledge transfer, information sharing, and culture learning (Faure & Fang, 2008).

Figure 2.1: China's Outward FDI Flows

China's outward FDI flows*
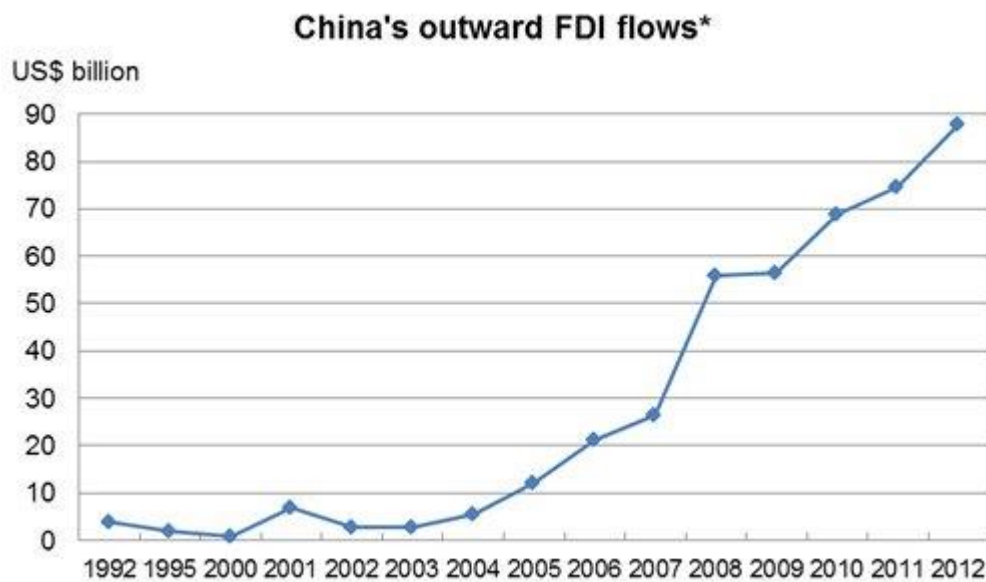
Source: 2012 Statistical Bulletin of China's Outward Foreign Direct Investment

Pei (2006) argued that the elites have benefitted from the status quo and they tend to oppose more radical reforms that would undermine their power and privilege. As for the masses, the need for deeper, and especially political, reforms is more apparent than ever. Other scholars, however, tend to interpret China's transition as moving away from a planned economy in the context of a global shift toward more neoliberal forms of economic and political organization (Harvey, 2005; Wang, 2003).

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During the constructive and destructive processes of this transitional stage, due to the lack of a clear and agreed upon framework of thoughts that would help them to orient their behavior, many Chinese people are anxious about their future lives, and they have even lost touch with their inner selves (Osburg, 2013; Reed, 1991; Richard, 2011; Vernezze, 2011). Osburg (2013) points out that such anxiety calls for the adoption of new value systems, which would prevent human relations from being contaminated by market forces, and protect human personalities from being shaped principally by monetary value.

Some argue that anthropological studies on the impact of Western and traditional values on the Chinese managers' intellectual framework are vital for the cognitive preparation for the new normal economy (Mintzberg 1989; Schein, 2004). From a managerial and cognitive perspective, this study seeks to provide a lens for examining organizational life through a local explanation of the managers' intellectual framework. Quanzhou city is selected because the areas surrounding the city have traditionally been considered as among the China's economic powerhouses. The region, which is engaged in light manufacturing industry and is actively trying to transform itself, is therefore not dissimilar to other regions in many parts of the country.

The reason for exploring the intellectual framework of the Chinese managers is simply to obtain a better understanding of their managerial behavior and its connection to its intellectual foundation. It is commonly accepted that managers, organizations, and managerial practices are all potentially influenced by traditions, theories, and conventions. By conducting fieldwork in a region, there is a chance to explore these sources and to see their influence on how managers see and act toward the external world. The richness and authenticity of fieldwork will help in this endeavor.

China has been implementing policies which promotes "Open Door" and reform since 1978. The nation is at the present thought to be in a process of transition and faces new challenges and the government is hoping to deepen the effect of its policies, which might be able to address those challenges. Like other areas or regions on mainland China, Quanzhou is undergoing this process of transition. The traditional industries in this region are encountering problems that have been confusing the managers there. They need a deeper understanding of their current practices, and especially those pieces of knowledge in their thought structure that are creating the problem, which is certainly not able to provide a remedy for the current deficiency in their management. As such, it is urgent to explore the foundations of managers' intellectuality, to identify the conventions or old doctrines that are creating or exacerbating the current problem, and to see if there is any new source of knowledge.

It cannot be said that there is any sort of consensus in current studies, with some writers saying that what is at issue is values and others arguing that it is about mindsets. Different studies have different ideas and arguments. This fragmentation of thought is echoed in current theories (Bohm, 1994), with each study taking up a particular construct. Whether the literature talks about beliefs, values, underlying assumptions, or views, however, each of these is just one tool to understand how and what people think. Each conception has its value, and indeed is being used in management practice.

To date, no recognizable attempt was made to string together all of these constructs and approaches, and this provides the locus for the current research. Tying of the ideas together gives the researcher the power of explanation, for better understanding of organizations, and helping managers to manage better. This is the motivation for using a more holistic, comprehensive approach in the current work.

This study is undertaken on the assumption that intellectual framework is a better approach—more comprehensive, more related to management practice. Perhaps this can be the "archetype" that can integrate all the relevant constructs that management scholars have used in the past. In order to do so, it is first necessary to identify the elements that is responsible for forming such a framework, and explore how these different constructs relate to one another. Then, the further step is taken to discern what elements are applicable in the community under study. Thus, the process is one of bringing all these elements together, finding out how they are interacting with each other at different levels, and how they are manifested in a particular region.

The study takes inspiration from Einstein: that is, managers cannot solve the problem by using the same ideas, or the same level of consciousness, that created the problem. The intellectuality explored in this work relates to Quanzhou, a city that has been undergoing a transition in the context of China. After the reform and opening up, these peoples appear to be entering a second stage of transition. What are the ideas or thoughts that are helping them—or could help them—to move through this stage? Hence, another focal point of this study is: what is actually driving and giving shape to managers' behavior and practice?

Managers must understand where the new sources of thought come from, in the context of ongoing and deepening reform where a new China is supposed to be administered by new rules. The real issue is, what is this thought? Where does the intellectual framework come in? The researcher seeks to undo this black box of Chinese managers, to know what their status quo consists of. If the Chinese managers talk about change, this study seeks to identify their current position, as well as where they are trying to go.

2.2 Definition of Intellectual Framework

Intellectual refers to non-physical, or mental power faculties. Framework in this context refers to a system, or a basic knowledge structure. An intellectual framework is the system of thought that actively participates in forming our perceptions, our sense of meaning, and our daily behaviors, where we are at the same time (re)structuring the framework, both consciously or unconsciously. On the one hand, we are limited or constrained by our framework. On the other hand, we are able to reorganize, modify, or reshape it. But, although our framework may be creating problems, most of the time we are unconscious of it.

Framing is widely perceived in the social sciences to be a vital construct (Bateson, 1955; Burke, 1937; Goffman, 1974). There is widespread use of frames within management and organization theory. Managers work within a framework which defines the social and mental space available and permissible to them and which disciplines their movements. Framing is also conceptualized as cognitive maps (Ring & Rands, 1989), shared paradigms (Brown, 1978), premises and shared cognitive frames (Douglas, 1986; Hofstede, 1993; Senge, 2006; Weick, 1995), or views about the existence and evolution of the world. It tells group members how to perceive, think about, and feel about things (Argyris, 1976), and is abstracted from prior experience. With such a frame, perception and behavior become guided by it (Cornelissen & Werner, 2014).

Managers refer to their cognitive framework in the recurrent activities that make up everyday management, guiding organizational acts and interpreting their experience (Spradley, 1979). On the basis of their cognitive maps, managers are able to understand and act effectively in complicated environment (Baum, 1981). This process is not static,

in that managers are not only disciplined by their cognitive maps, at the same time they are providing a set of principles for map-making (Frake, 1977). The framework answers questions such as what are the basic values, primary motives, things taken for granted, assumptions made about nature, human nature, human motivation, and so on (Zohar, 2004).

There are different elements and levels within a manager's intellectual framework, which are at the same time interconnecting and interacting with each other. However, the neat separation among deepest sources, structure, and pattern of behavior in management and organizational study is somewhat artificial. Although cognition is widely used in organizational study, it normally refers to mental model, assumptions, beliefs, values, and views, and the analysis using this construct is often limited to the conscious and observable level. This split tends to serve the purpose of first demonstrating the research and progress within each conception. Few studies attempt to look further into the foundation of intellectuality. Based on the assumption that there is an objective world 'out there,' matter is always separated from mind (Bohm, 1994; Mintzberg, 1989; Douglas, 1986; Senge, 2006; Zohar, 2004). The source of problems seems to be rooted in the fragmentation of our thought.

By contrast, with a more systematic perspective, this study draws connections across three levels of analysis—the foundation (causes, driving forces, or deepest sources), the structure (reasoning, beliefs, views, or claimed values), and the pattern of behavior (artifacts, methods, approaches). Such an attempt is not unprecedented, and there is other research which also cuts across these levels. For example, Bohm (1994) points out that the obvious thing that is wrong with (thinking about) thought is fragmentation. He includes human artifacts in his definition of thought, and proposes that body, emotion, intellect, reflex, and artifact should be understood as one unbroken field of

mutually informing thought. An important point to be made here is that the current study, in seeking to order the components of the intellectual framework, is looking for a unity, reminiscent of Bohm, rather than a sort of cemented fragmentation.

With that said, what follows is an initial exploration of the components that might make up the levels of the intellectual framework, always in the context of the managers this study takes as its subjects.

The deepest sources often deal with fundamental aspects of the manager's intellectual life. Intellectual foundation, driving forces, root causes, the deepest sources, mental model, assumptions, and theory-in-use are terms that will be used interchangeably in this study. Over the history of humanity, grand theories of science, philosophies, social sciences, and the teachings of religion have played an important role in building new civilizations. These theories or thoughts catalyze tremendous change in human relations, inspiring human beings and shaping a new social order. The source of thought is an important agent and inspiration for a new civilization. In like manner, an artist's inspiration is a cause for the birth of a great artwork, but the inspiration itself does not create the artwork. Hence, the cause is like yeast or a catalyst, expressing itself as a process of priming, enlightenment, or inspiration. It is the original sources, the prime movers, the greatest motive powers, the generative power, and the powerful agent that gives shape to the structure and pattern of behavior (Arbab, 2016).

The driving forces are philosophical foundations or fundamental views that are used to read or understand human nature, human relations, education, the role of religion and science, the mission of an organization, and so on. They do not provide the concrete mode of operation or ideal pattern of behavior, but they do provide a direction

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or impetus. The pattern of behavior is the emanation of such causes, and it simultaneously contributes to the formation of a frame.

By interacting with the complex world, managers have established broader and deeper basic assumptions about the nature of reality, human nature, human activities, organization, the nature of truth and how one discovers it (Schein, 2004). Assumptions are statements or rules that explain what an organization generally believes. They are the most general relations and the basic conceptions dominating the managers' intellectual framework (Douglas, 1986).

By assumptions (Argris, 1976; McGregor, 1960; Schein, 2004) and mental model (Senge, 2006), they are intended to mean how managers understand the world and how they take action are influenced by their deeply ingrained pictures or images. These deeply ingrained images explain the context of the organization's choices and behaviors. They are usually not visible to or verbalized by the managers. More often than not, they are taken for granted and the managers are generally unaware of their existence. As such, underlying assumptions are non-debatable and non-confrontable. They are thus very hard to shake (Bohm, 1994; Mintzberg, 1989; Schein, 2004).

Senge (2008) suggested that the mental model must be made visible and discussed before anyone can be sure of the organizational beliefs, as it is often the key to lasting change. To uncover the deeper levels of reality would enable managers "to comprehend, understand, explain, attribute, extrapolate, and predict" (Starbuck and Milliken, 1988, p. 51).

Reasoning is the structure driven by the intellectual foundation. Structure is a key element of a frame, connecting the pattern of behavior to its foundations. Through telling stories, presenting narratives, communicating beliefs, views, or claimed values,

behavior and practices tend to be predicted and scripted. This definition in itself could help managers to understand what is creating the problems, how to diagnose the root causes, and explore the underlying principles. Structure is a way of reasoning or sensemaking, by connecting the past experience and present pattern of behavior. It determines how we perceive, release, and channel energy (Schein, 2004; Senge, 2006).

Just like a building has a physical structure, which is obvious to our sight, our thought also has structure. However, since the thought structure is non-physical, therefore it is more difficult to understand. In opening a door to let in a child, we are acting in accordance with our processes of reasoning. This behavior is the emanation of the deepest sources. The process of reasoning, inferring, and priming is like the structure of a building, which determines and disciplines the movement within it. From the perspective of mental faculty, it is a narrative or telling a story. Our reasoning explains that a child would not be harmful to us. This justification or interpretation participates actively in our daily action. All our justifications, perceptions, and interpretations are driven by the deepest sources of knowledge or our memories, which are not perfect and comprehensive. Hence, diagnoses, verification, and expansion are needed for arriving at a more coherent foundation (Senge, 2006). (see Table 2.1)

Table 2.1: The Reasoning

Phenomenon	Structure (The Reasoning)	Deepest Sources (Memories)
- A child knocking at the door	- He or she is harmless	- Have never known a child to be harmful
- A strong man knocking at the door	- He or she is harmful	- Have known of a strong man killing after knocking at someone's home

(Source: communications between the author and his supervisor)

Belief would logically appear to be in the same realm as assumptions, as it is also about fundamental issues of our existence. For example, within the intellectual

framework there are manager's beliefs about the nature of man, the nature of society, the purpose of life, and the evolution of humanity. As Mintzberg (1989) put it, beliefs in some cases are assumptions managers make about themselves, their employees, and their relationships at work. However, according to Anderson (2011), assumptions are taken for granted and accepted without proof demonstration, whereas beliefs are accepted as truth or fact. Thus, they are differentiated by their nature.

Belief has developed over time from a manager's past experience (Allen & Strathern, 2003). Once a proposition is accepted as belief, it will be applied in the organizational setting and function in the same way, as people's actions or behaviors reflect those propositions they believe will result in the desired outcome (Sterman, 2006).

Managers most likely prefer to work with others who have beliefs that are similar to their own (Van den Steen, 2005). A good cultural fit between employees and the organization would result in organizational effectiveness (Deal & Kennedy, 1999; Ouchi, 1981; Peters & Waterman, 1982). Ouchi (1981) argued that excellent companies tend to have strong cultures rather than weak cultures. Mintzberg (1998) found that what distinguishes a particular organization from all others is that a strong set of beliefs are shared passionately by its members, which are acquired non-verbally by individual managers through a process of socialization. Evidence also suggests that many organizations have weak cultures. In China, it is reported that companies always have competing factions (Zong, 2016). Public companies cannot unify their thought system as they are attached to different groups of interest. Therefore, for those organizations with weak cultures, the challenge is to develop beliefs that are shared by most members. Hence, there are significant challenges in developing new beliefs, but failure to do so is often related to organizational failure (Barr, Stimpert, & Huff, 1992).

Similar to assumptions, the beliefs of managers impact organizational success in more ways than what the managers are aware of (Cohen & Bailey, 1997). Some beliefs are not always easily identified by their believers or conscious to ones who uphold them, hence they can be significant obstacles for managers who want to become more effective. Managers sometimes find themselves easily fall back to their traditional behavioral patterns. The drawback of traditional strategic planning might be managers' unwillingness to "refreeze" these beliefs: to effect change, managers need to unfreeze their fundamental beliefs, seek new ones, then refreeze those beliefs (Mintzberg, 1994). There may be various levels within a cognitive framework. Belief is but one element among them. However, these levels are interconnecting and interacting with each other.

Views have to do with the role knowledge plays, both in the life of the manager and in the development of the organization. Examples include manager's views on science and religion and their contributions to human progress; outlook on education; attitude towards technology, and so forth. Within the manager's intellectual framework, views deal with questions such as what is knowledge and knowing? What is the foundation for knowledge? What is the difference between knowledge and faith? Is certainty possible? (Fundaec, 2013). Kuhn (1970) and Bohm (1994) have argued that views are completely subjective. Managers choose one view rather than another by arguing, fighting, or mobilizing supporters. It is a dialectical process. Normally, as suggested by Kuhn (1970), views are not developed through reason, negotiation, or compromise. There are many possible views, based on alternative sets of assumptions that are taken for granted. Hence the assumptions behind these views need to be diagnosed.

Managers' views are reflected in the organizational objectives, institutional arrangement, and their daily behavior (Schein, 2004). A manager's view is a particular expression of certain assumptions or beliefs she/he take for granted. By understanding

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the nature and effect of views and how to evaluate them, the views of the managers which affect the management of organizations can be described. By identifying them, managers can choose consciously to change their views or otherwise. Managers will of course become aware of the restricted nature of their own views. As Kearney (1984) put it, "Specific worldviews result in certain patterns of behavior and not in others" (p. 53). If managers assume their views are facts, they will not be open to challenging those views. They may fail to see new data that contradicts their images and they may miss an opportunity to improve their effectiveness.

The views taken by managers would have impact on the mode of interaction between the boss and senior managers, or employees and managers. For example, a manager's outlook on education will influence the human resource arrangement, which determines whether employees are able to be engaged in the process of learning or not (Mintzberg, 1989). Due to their predispositions, managers' views are usually resistant to change (Schein; 2004; Senge, 2006). A manager from one group with a particular view would find it difficult to understand other groups which are having different views. Such a manager would also find it difficult to get along well with a new company because, in his perception, certain views of his might be inadequately presented and soon become marginalized.

Values espoused by managers often play an active role in this framework (Deal & Kennedy, 1999). Values are shared meanings (Geertz, 1973) that govern managerial life. Hofstede (1980) pointed out that values often reflect individuals' general tendencies to prefer certain things over others. Examples might be what managers consider the meaning of their lives; the value managers place on such attributes as justice and sincerity; or the importance managers give to friendship. As explained by Schein (2004), values address, in the group's perception, the correct way for the

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individual and the organization to relate to each other, the relative importance of work and family, the relationship between men and women, and the proper basis for family.

Values determine what is considered the right thing to do (Hughes, Ginnett, & Curphy, 1993). Ghiselli (1968) noted a high correlation between managers' personal values and criteria of their effectiveness. Managers' attitudes and opinions about what is important to them and what interests them will determine the careers they will pursue. Their definition of effectiveness in an organization or an employee is influenced by the values they assimilate. Peters and Waterman (1982) emphasize that management teams that are well familiar with their value system and can utilize and mold it will have a higher chance for them to succeed in what the organization hopes to accomplish. Normally, managers would espouse a set of values to increase organizational performance and direct organizational culture in a desired direction.

Examples of values include loyalty, customer service, self-control, being imaginative, obedience, innovation, importance of employees, performance, and so on. Ouchi (1981) stressed that once employees understood the company's core values, they were able to figure out the correct direction and lines of action across a variety of situations. Weiner (1988) suggested that the value system tends to be strong in an organization when organizational members share key values related to acceptable behavior and the organization's mission or strategy. Especially, according to Deal and Kennedy (1999), the values might be salient within an organization when members share the values espoused by organizational leaders. A strong value system allows individuals to make decisions quickly and collaborate in complex and rapidly changing environment (Weick, 1995).

Schein (1992) suggested that values are less accessible to an outsider than are, for instance, behavior patterns, and typically must be inferred by the outsider through symbolic means. And good values tend to motivate good behavior. For example, if an organization depends very heavily on seniority to reward and promote employees, it might be inferred that the organization tends to place a high value on employee loyalty and retention. Also, 'unity in diversity' in an organization can be developed if its members and teams share a common vision and values.

Van Wart (1998) defines organizational values at two levels: personal and organizational levels. Personal values are socially constructed through individuals' communication with or reaction to others and through their experiences with various social organizations. Organizational values refer to the fundamental principles that guide the behavior of all the staff members of an organization and are shared within the organization (Van Wart, 1998; Weiner, 1988). Inconsistencies may exist between individual values learned from different fields in the progress of human society and the values the organization formally espouses through policy and strategy (Schein, 2004). For example, organizations may emphasize competition for internal recognition and reward, as well as external marketplace competition, which may be in conflict with employees' cooperative and altruistic tendencies.

However, as Schein (2004) put it, what organizations say they value isn't always the same as the values in operation. Espoused values do not always coincide directly with the values-in-use. In some organizations, there will be a strong connection between these two types of values. In many organizations, however, there is a disconnection between what a manager claims to value, and the values that appear to be guiding overt behavior. Also, imitation of an ideal set of values is not necessarily related to successful financial performance (Barney, 1986). Therefore, if managers want to use

values for cultural change and maintenance, the context of organizations and ways of promoting those values need to be carefully considered by the key members of management.

The pattern of behavior, approaches, and methods: Approaches and methods refer to artifacts (Schein, 2004); formal rituals and celebrations (Redding, 1993); observed behavioral regularities (Goffman, 1959); embedded skills, and way of doing things (Jaques, 1951), which are the emanation of the intellectual foundations. Approaches and methods would determine, for instance, whether managers seek to be the center of all activities in which they participate or devote their energies to facilitating harmonious group action; whether they work alone or tend to collaborate with others; whether they need to be in control of everything or are willing to bow to group decisions; whether they create around them an atmosphere of competition or foster cooperation; and whether they keep repeating the same mistakes or learn from experience (Fundaec, 2013).

Mintzberg (1994) posited that even if managers haven't fully articulated what they believe, they present certain attitudes that shape their selection of words, tone of voice, decisions, and actions. Therefore, to understand a manager's pattern of behavior, one means is to uncover the underlying assumptions through their overt behaviors (Schein, 2004). Conversation, manners and behavior are not mere formalities, but the essence of structure and sources of knowledge (Kenedi, 1981). Conveyed in nuances of behavior is a set of deeper assumptions of how the world really works (Redding, 1993).

In fact, approaches to life and patterns of behavior form a part of cognition, which cannot be separated from the process of reasoning, inferring, and its deepest sources. The driving forces, through the process of reasoning, emanate as a certain pattern of

behavior. These three levels are interconnected with each other, in contrast to the historically perceived isolated and fragmentary parts which are mechanically interacting with one another. The foundation is the root, the pattern of behavior the fruit. Tree's ability to produce fruit depends on how deep tree roots grow and how much light the leaves gather. It is difficult for us to argue that there is a deficient social order with a completely sound intellectual foundation.

Above all, these concepts are used to describe managers' thought structure in one way or another. In this study, a more holistic picture about the managers' intellectual framework is being sought by exploring the relationships among various themes and patterns of this framework. Such a picture would tie underlying assumptions, rituals, climate, values, and behaviors together into a coherent whole (Bohm, 1994; Schein, 2004; Weick, 1995).

In sum, management problems are identified at three levels: deepest sources, structures, and patterns of behavior. The deepest source is the intellectual foundation of management practice, which may include but is not limited to paradigm (Kuhn, 1970), underlying assumption (Argyris, 1976; Schein, 2004), and mental models (Senge, 2006). The structure is the way of reasoning, which is more likely to be a narrative, or a process of sense making (Weick, 1995), communicating beliefs (Mintzberg, 1994), or claiming espoused values (Deal & Kennedy, 1999). The pattern of behavior occurs at the more visible level (Schein, 2004), and is manifested in a repetitive manner. The deepest sources give rise to the structures, which then shape management behavior and practice (see Table 2.2). The three levels are in mutual interactive relationships, that is the influence is going in both directions.

Table 2.2: The Three Levels of Intellectual Framework

Intellectuality	Levels		Elements	
Intellectual framework	-	Deepest sources	-	E.g., underlying assumptions (Argyris, 1976; Schein, 2004), paradigm (Kuhn, 1970), mental model (Senge, 2006)
	-	Structure	-	E.g., sense making (Weick, 1995), beliefs (Mintzberg, 1994), espoused values (Deal & Kennedy, 1999)
	-	Pattern of behavior	-	E.g., artifacts (Schein, 2004)

Here are some characteristics of the intellectual framework:

There are different levels within the framework and among frameworks. These different levels include the foundation (the framing, the knowledge structure, the driving forces, deepest sources, or causes); the reasoning and inferring; and the pattern of behavior. Through combining these levels, we see thought structure as a whole. The deepest sources, assumptions, and beliefs deal with fundamental issues within the manager's intellectual framework. They are the key elements that dominate the intellectual framework. They have direct impact on the views, values, and approaches managers take, and represent the essential origination of the whole framework. Views reflect the underlying assumptions, manifested in organizational goals, institutions, and actions. The framework is likened to a tree. If the assumptions and beliefs are the roots of this tree, the process of reasoning or sense making is like the branches, and pattern of behavior is like the fruit, providing us with a rough sketch of the individual's inner world. These elements cannot be separated from each other, and the fruit as the emanation of the roots represent a whole system rather than fragmented parts.

The deeper values are harder to change. The intellectual framework is the set of habits and conditions that compel managers to act as they do. These are selected concepts that govern the way they think and act (Forrester, 1971). The concepts managers select and process have quality, content, and timeliness. Through defining the goals, incentives, costs, and feedback, the intellectual framework motivates or

constrains managerial behavior (Isaacs, 1999). An intellectual framework is relatively stable. Habits are the result of thousands of years of experience handed down and transmitted from one generation to the next (Weick, 1995). While these habits are initially conscious, they may—over time and through repeated usage—evolve into naturalized practice (Goffman, 1974). Managers tend to repeat a pattern in accordance with their old behavior. Either implicitly or explicitly, consciously or unconsciously, they are consistent in basic ways. Any challenge or questioning of the key elements of this framework will release anxiety and defensiveness. In fact, if the fundamental elements of the intellectual framework come to be strongly formed and shaped in group, members will find behavior based on any other premise inconceivable (Schein, 2004).

It is growing organically. Though the intellectual framework is often known to demonstrate its resistance to change, but it is not static; on the contrary, it is something that is dynamic and on its own path of evolution all the times. The inferential capacity is based on past practices, attitudes, traditions, customs, and conventions represented in the frame itself—and frames are, therefore, limited and limiting by their very nature. The deepest sources may entrap individuals and impede their ability to be reflective and mindful in context. Bohm (1994) takes the view that the source of trouble is basically in thought—the fragmentation of thought. People tend to use the same thoughts that are creating the problem to solve the present deficiency. So, the very thing we use to solve our problems is the source of our problems.

Thought systems exist and constantly engage in a process of development, change, and evolution (Bohm, 1994). Zohar (2004) argued that human consciousness itself displays the characteristics of complexity in many of its abilities, like complex adaptive systems. The way of thinking seems to be changing constantly, especially for

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those who are more open-minded, humble, and eager to learn new things. They are more receptive to the new knowledge, new standards, new capacities, new experience, and the diversity of opinions (Wheatley, 2006). Therefore, an intellectual framework has infinite degrees of perfections.

The cognitive domain, which helps shape the manager's behavioral domain, is consistently changing as a result of ongoing interaction between individual and organizational dimensions, between overt and covert, and between inner world and outside. McGregor (1960) explained that through a function of rewards and punishments, and a learning process, there will be changes in attitudes, perceptions, and behavior. These learning opportunities include ones that are external and tangible, for example, praise from the boss; or that are internal and intangible, for example, the frustration of being blocked in pursuing one's goals. A manager's experience, reflection, and learning from mistakes might all be forces that enable the intellectual framework to grow and develop.

In today's fast-changing environment, the clash of traditional and modern value systems, the Chinese and Western cultures, and the various discourses on common problems faced by the inhabitant of this planet provide an opportunity for diagnosing the basic attitudes and underlying assumptions. Drucker (1994) posits that old pieces of knowledge that don't fit the reality should be challenged and adjusted according to the changing environment. A stream of management and organizational research has started to address ways in which individuals may change the pieces of knowledge in the foundation, or construct new cognitive frames altogether, in an attempt to overcome the rigidities of existing frames (Cornelissen & Clarke, 2010; Gavetti, Levinthal, & Rivkin, 2005). This may involve a comparison between a mental frame that individuals know very well, and another target guiding framework that they are

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are eager to re-exam, and where the analogy provides a potentially new framework, with new sources of knowledge, new insights, inferences, and dimensions.

In order to infer an alternative cognitive framing, new insights may be obtained through accumulated shared learning (Schein, 2004), personal mastery (Senge, 2006), emergent strategy, or grassroots strategy-making (Mintzberg, 1989), which would mainly rely upon religion and science—the two overlapping systems of knowledge and practice. Most change models cast change in this manner: unfreezing – change/learning – refreezing. It is a process entailing frame breaking, and the formation of a new frame (Zohar, 2004), unfreezing of old traditions and experiences and refreezing with new knowledge, or preparing themselves to face the challenge of the (block?) of their natural pattern of behavior (Senge, 2006).

With such a mode of unfreezing and refreezing, gradually, managers' perception of reality should become more accurate; vision of opportunities and resolve to pursue goals should become broader; the framework should become more elaborate, and the methods become more effective. As a result, the framework can become more coherent. Importantly, the evolution of a framework has a direction: more coherent, effective, clear, comprehensive, elaborate, and insightful.

It has outcomes. Managers' properties and qualities emanate from their intellectual framework. At the organizational level, the intellectual framework itself cannot be seen, but is manifested in atmosphere and behavior. We can never see the atmosphere, but we can easily see its influence by looking at the behavior generated by the atmosphere (Zohar, 2004; Wheatley, 2006). As behaviors are congruent with their theory-in-use (Argyris, 1982), how managers make particular decisions, focus on particular issues,

and develop particular strategies are in accordance with their underlying beliefs (Mintzberg, 2009).

The driving forces determine the structure of whole framework. The repetition of events will indicate a pattern, including what managers have learned from old traditions and experiences. Patterns of behavior can be observed directly. They are explicitly manifested in managers' daily behaviors and verbally held values. Implicitly, pattern is supported by a structure: the reasoning, sense making, the story, or the narrative. Structure in turn is grounded in the deepest sources. The intellectual foundations tend to be related to some past practices, attitudes, habits, and conventions, which is similar to what Weick (1995) describes as the process of sense-making—frames tend to be past moments of socialization, while cues tend to be present moments of experience. Meaning is created when a relation between the two moments is constructed. Hence past and present experience are key resources for cognition (Starbuck, 1983; Walsh, 1995). Therefore, intellectuality means the content of thought that is found in the frames of past practices, in the seeable pattern of behavior, and in the reasoning—that is, the way these two elements are connected.

At the individual level, intellectual frameworks are accumulated conventions, perceptions, assertions, habits, attitudes, practice, and cognitive representations of the environment. They are knowledge structures which direct and guide the selection of images. The foundation consists of knowledge that is taken for granted, and that helps individuals to interpret incoming perceptual information by fitting it into already available data or programs from memories (Goffman, 1974; Starbuck & Milliken, 1988).

Bohm (1994) posits that thought actively participates in forming our mental impression, our way of interpreting something, and our daily behaviors. He describes the functioning of consciousness as a structure of neurophysiological reflexes, through which the past is carried forward into the present. It is the instantaneous display of memory, a superimposition of images onto the active and living present. Memory allows us to perform the simplest of tasks in our daily life. It is also responsible for various aspects of fear, anxiety, or apprehension, and the actions that proceed from these memories. By applying a framework, people can form conjectures as to what occurred before and expectations as to what is likely to happen now (Goffman, 1974). Thus, individuals use such frameworks to make predictions about the consequences of their actions (Starbuck & Milliken, 1988).

On the other hand, Bohm (1994) also states that thought structures are primarily collective phenomena. By building more elaborate models, individuals and groups are embedded within institutional contexts, where expectations are structured and pattern of behavior is scripted. Literature on the strategic framework of change focuses precisely on the linking between framing in communication and the frames of understanding or explanation of all staff members in an organization (Gilbert, 2006; Huff, 1990; Kaplan, 2008; Nadkarni & Narayanan, 2007). Within this literature, the construct of cognitive framework generally refers to the intentional communication efforts of key management team members in shaping the frames of perception of other members in an organization, so that they, as a group, support a change program (e.g., Bartunek, 1993; Garvin & Roberto, 2005; Gioia & Chittipeddi, 1991; Kotter, 1996; Mantere et al., 2012).

In conclusion, this study will focus on the cognitive aspect of management rather than seeking solutions from the more visible social and economic structures (Argyris,

1976; Mcgregor, 1960; Schein, 2004; Senge, 2006; Weick, 1995), and especially how the foundations of managers' intellectual framework are formed and manifested in the organizational setting. It is based on the analysis of relevant organization theories and concepts, including but not limited to frames (Bateson, 1955; Burke, 1937; Goffman, 1974), mental models (Senge, 2006), beliefs (Mintzberg, 1989), values (Deal & Kennedy, 1999), and approaches (Schein, 2004), exploring themes such as the nature of man, human relations, the nature of human evolution, education, knowledge, organization, and so on. The purpose of this study is to develop a new language in a more holistic manner, to describe the dynamic complexity of manager's intellectual life (Senge, 2006). That does not mean the concept of intellectual framework will encompass all other ways of studying organizations. Instead, from a managerial and cognitive perspective, it aims to provide a lens for examining organizational life, based on the simple idea that organizational behavior is connected to the deeper level of its intellectuality (Li, 2013; Mintzberg, 1989; Schein, 2004) (see Table 2.3).

Table 2.3: Conceptions of Cognitive Aspect of Managing

	Themes	Cognitive aspect of managing
The intellectual foundation	Thought	- A community that is entirely organized by thought (Bohm, 1994)
	Thought system	- The thought system would tie underlying assumptions, rituals, climate, values, and behaviors together into a coherent whole (Bohm, 1994; Schein, 2004; Weick, 1995) - Each corporation is expressed in its own thought style (Douglas, 1986)
	Frames and Framing	- Frames and framing (Bateson, 1955; Burke, 1937; Goffman, 1974)
	Schemas	- Frames of reference or schemas (Cornelissen & Werner, 2014)
	Premises	- Premises and shared cognitive frames (Douglas, 1986; Hofstede, 1993; Senge, 2006; Weick, 1995)
	Theory-in-use	- Theory-in-use (Argyris, 1976), underlying assumption (Argris, 1976; McGregor, 1960; Schein, 2004), theory of business (Drucker, 1994)
	Cognitive map	- Cognitive map (Baum, 1981; Spradley, 1979; Ring & Rands, 1989)
	Principles	- A set of principles for map-making (Frake, 1977)
	Paradigms	- Shared paradigms (Brown, 1978)
	Primary motives	- Primary motives and things taken for granted (Zohar, 2004)

Reasoning	Basic conceptions	- The most general relations and the basic conceptions (Douglas, 1986)
	Mental model	- Mental model (Argyris, 1982; Forrester 1971; Senge, 2006)
	Beliefs	- Beliefs are accepted as truth or fact (Anderson, 2011)
	Views	- Specific worldviews result in certain patterns of behavior (Kearney, 1984)
	Values	- Values espoused by managers often play an active role in the frame (Deal & Kennedy, 1999)
		- Values are shared meanings (Geertz, 1973)
		- Values represent individuals' broad tendencies to prefer certain things, or states of affairs, over others (Hofstede, 1980)
		- Values address the correct way for the individual and the group to relate to each other, the relative importance of work, family, and self-development, the proper role of men and women, and the nature of family (Schein, 2004)
		- Values determine what is considered the right thing to do (Hughes, Ginnett, & Curphy, 1993)
Patterns of behavior	Policies	- Policies are communicated throughout an organization, and conveyed to everyone else (Mintzberg, 1989)
	Systems and processes	- Structures, reward systems, measurement practices, and selection processes reflect the explicit or implicit theories of their managers (Miller, 1999)
	Approaches and methods	- Approaches and methods refer to artifacts (Schein, 2004)
	Rituals	- Formal rituals and celebrations (Redding, 1993)
	Behavioral Regularities	- Observed behavioral regularities (Goffman, 1959)
	Embedded skills	- Embedded skills, and way of doing things (Jaques, 1951)
	Overt behaviors	- Through managers' overt behaviors, the underlying assumptions is uncovered (Schein, 2004)

Working definition

This study is in a way similar to some of the previous studies on the "cognitive aspect" of managers (Argyris, 1976; Mcgregor, 1960; Schein, 2004; Senge, 2006; Weick, 1995). However, the present attempt aims to transcend those previous endeavors in the same field through combining the concepts developed by the previous studies into a coherent whole.

This research seeks to describe, enrich, and expand the key components of the dynamic complexity of managers' inner life in a holistic manner (i.e. presenting a relatively clearer cognitive map of managers in another way). By definition, the managers' intellectual framework can be organizations, a group of managers, or an

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individual's cognitive maps. Within the maps there are different levels, including deepest sources (e.g., deeply held assumptions), structures (e.g., key beliefs, claimed values), as well as patterns of behavior (e.g., artifacts) emanating from the deepest sources, concerning human nature, human relations, knowledge, human evolving, education, and organization, which in turn has a significant impact on organizational and management development. The intellectual framework serves to guide and discipline individual manager's mental and social space as an interconnected and interacted philosophical or rational structure. The individual manager actively or passively learns and experiences from within this framework, and also structures it, whether consciously or unconsciously.

2.3 Themes and Key Elements

Managers' intellectual frameworks affect management practice and organizational development, and by knowing more about these frameworks, we will be better able to interpret their effects. As a starting point, is there any kind of general model guiding managers' thoughts, consciousness, or conceptual mapping? If so, this general framing can be used to guide the field research. Before the thought structure of Quanzhou managers can be explored in the fieldwork, some sort of conceptual framework is necessary. This section will attempt to arrive at an initial guiding model.

One focal point of this study is to investigate the nature of the driving forces in managers' thought structure, how these forces emanate in managers' patterns of behavior, and how each element plays out in managers' daily actions. A few key important themes and elements must be identified in order to create a guiding model for diagnosing the content of thoughts.

There are many such themes or elements described in management and organizational studies (e.g., Argyris, 1976; Mcgregor, 1960; Schein, 2004; Senge, 2006; Weick, 1995). Researchers have investigated these elements in order to demonstrate the organizational mission, culture, policy, planning, behavior, change, and transformation. Usually, such elements deal with fundamental issues. However, not only do these elements represent basic attitudes towards interest parties within and external to the organization, some of them can also be used to describe overt managerial behaviors and verbally expressed values, which to a great extent are in coherence with their deepest sources.

In reviewing the key elements within the manager's intellectual framework by referring to the concepts of theory-in-use (Argyris, 1976), underlying assumption (Schein, 2004), mental model (Senge, 2006), theory of business (Drucker, 1994), spiritual capital (Zohar, 1990) and institutional thinking (Douglas, 1986), and so on, six significant themes appear: human nature, human relations, knowledge, human evolving, education, and organization. While the list is by no means exhaustive, it can provide us with a useful reference framework for the investigation. These six themes and eighteen elements related to them will be discussed in this study (see Table 2.4).

Table 2.4: Themes and Key Elements

Themes	Key Elements
Human nature	- The nature of man (assumptions, beliefs)
	- The purpose of life (beliefs, values, approaches)
Human relations	- Human relationships (assumptions, values, approaches)
	- Human activities (assumptions, beliefs)
	- Privacy (values, approaches)
	- Freedom (values, approaches)
	- Power (values, approaches)
	- Family life and work (values, approaches)
	- Justice
Knowledge	- The nature of reality and truth (assumptions, beliefs, views)

Reading into the history of humanity	-	The relation between religion and science (views)
	-	The role of technology in the future of humanity (views)
	-	The evolution of humanity (beliefs)
	-	World economy (beliefs, approaches)
Education	-	The meaning and purpose of education (views, approaches)
The nature of the organization	-	Metaphor of organization (assumptions, beliefs)
	-	Mission and strategy (beliefs, values, approaches)
	-	Organizational goal (approaches)

Although the boundaries cannot be strictly demarcated, certain elements are directly relevant to the realms of assumptions and beliefs, such as human nature, human relations, human activities, the nature of reality and truth, and the nature of organization. Others are connected to the realms of values, views, and approaches, such as the purpose of life, family life and work, and world economy. In the realm of views there are elements such as the relation between religion and science, the meaning and purpose of education, and the role of technology in the future of humanity. When I get to my finding section I can look back at this initial table so that adjustment can be made accordingly. The findings of this study would then be compared with the themes and elements reviewed in this section.

2.3.1 Human Nature

2.3.1.1 The Nature of Man

There were different views among early academic theories of the nature of man. One was shaped by the notion of the self-interested *homo economicus*. As defined by Adam Smith, humans are rational–economic actors and only care about self-interest and self-love. Just as living biological system evolves through natural selection, society evolves, increasing in complexity, through similar processes (Spencer, 1860). By contrast, the Hawthorne studies (Roethlisberger & Dickson, 1939) emphasized the social needs of

the human, a conceptualization that was followed by the concept of self-actualization introduced by Maslow (1954) and Argyris (1964).

In later studies, McGregor (1960) suggested that the conceptions and perceptions about human nature always limit innovation in management of the human resources of industry. By accepting the assumptions of Theory X, there will be no reason to devote time, effort, or money to discovering how to realize human potentialities. On the other hand, if we accept assumptions like those of Theory Y, we will be challenged to innovate, to discover new ways of organizing and directing human effort. Theory Z developed a more humanized, holistic view of the organization and its members (Ouchi, 1981).

Theory M is used to represent the Chinese way of management, which adopts the Confucian value system and emphasizes concepts such as moderation (*zhongyong*), human mind, and human resources (Zeng, 2006). Although human resource management is a popular corporate term, Mintzberg (2009) argues that the most dynamic and complex subject in management study, the human factor, still tends to be neglected. Evidently, economics has won the battle for theoretical hegemony in academia and society as a whole and its dominance becomes stronger every year, rapidly spreading across the globe from its Western origins (Ferraro et al., 2005).

Enterprise managers' assumptions about human nature are an important predictor of their leadership style and behaviors (Sabanci, 2008). Managers' assumptions about human nature help shape their beliefs about human nature itself (Frank, 1988). Differences in managers' beliefs resulted in differences in how they reported they would manage people and organizations. It is generally accepted that the relationship

between field studies of the development of management practices and their effects on the beliefs about human nature is a reciprocal one.

Managers have borrowed the assumption of self-interest, which becomes the fundamental belief about how human beings will behave. Based on this belief, managers develop systems around the premise that the resulting increase in motivating force and the unleashing of driving forces of natural selection will help individuals and organizations achieve success (Ferraro et al., 2005). Extrinsic incentives are emphasized in management policies. Other examples of such incentives might be the war for talent and talent management, executive compensation schemes, downsizing and restructuring (Heath, 1999). There is much conflict between shareholders and managers or managers and their subordinates due to the basic assumption of agency theory, which takes the position that people act in their own narrowly defined self-interest (Noreen, 1988). Therefore, deeply held in managers' thought structure is the driving force that human nature is basically self-interested. Survival, self-protection, self-interest, competition, and conflict of interest are important conceptions applied in determining policies of motivation, selection, cost control, and marketing strategies.

Differences in culture significantly affect the dissemination of economics concepts, deciding the pace of adoption and transformation into pattern of behavior (Ferraro et al., 2005). Chinese culture and values, especially Confucianism, play a significant role in Chinese enterprise management (Hofstede & Bond, 1988; Zhang & Simon, 2009).

Mencius says, "Man's nature is endowed with feelings which impel it toward the good. That is why I called it good." (Mencius, Book VI, part I, chapter VI). Hahn and Waterhouse (1972) argue that Mencius's observation about human nature became a central thought of Confucianism, as he placed great emphasis on the teaching that all

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men are born with the same nature of good, and this became the cornerstone for the later dominance of Confucian moral philosophy. The Chinese philosopher Gaozi by contrast argued that human nature is originally morally "neutral". Xunzi, from another perspective, held that human nature is innately evil and human beings are capable of becoming good through moral education (McGreal, 1995).

Smith (1897) used the term "social typhoons" to describe mutual suspicion among people. He quoted the *Book of Poetry,* arguing that the lack of the virtue of sincerity has become second nature for the Chinese people: "And the rain comes down slowly. May it rain first on our public fields, and then come to our private!" Fei (1992) used the example of citizens in Shanghai pouring rubbish into Suzhou River to explain the selfishness of the Chinese people. And in fact many Chinese people tend to adopt the value from Confucian saying: "He who is not in any particular office has nothing to do with plans for the administration of its duties" (The Analects, bk. viii., c. xiv.).

In management practice, Redding (1993) argued that managers trust their own family members, friends, and acquaintances more than other parties: "with everybody else you will make no assumptions about their good will" (p. 66). Managers prefer insiders before outsiders, with family ties taking precedence (Tang & Ward, 2003). In recruiting practice, most middle and high-ranking management positions were filled either by the owner's family members or by internal promotions, little outside recruiting activity took place (Lee, 1995; Tang & Ward, 2003)

Despite their different perceptions about human nature, both Xunzi and Confucius stress the importance of education, that is, people can be educated to be good. Chen (2002) suggested that as traditional values focus on the cultivation of the individual, a Confucian manager is supposed to be kind, and to listen to the persons he manages in

order to improve their daily life. He will be evaluated on his dedication to the company and to the employees. Trustworthiness and loyalty are the qualities that differentiate a good person from a bad one, which is why they are very important for Chinese managers. These values and approaches in management setting seems to be in consistent with Gaozi's viewpoint that human nature is originally morally "neutral", that is, managers don't trust the outsider and meanwhile they try to behave in the way that is conducive to building relationships of trust.

In general, Chinese managers tend to be self-centered or family-centered, lacking trust of the outsider. But on the surface they like to build relationships of "trust" and "harmony," with the hope that benefits of some form could be reaped in the future. Hence, relations are basically founded on economic, monetary, or material reason.

2.3.1.2 The Purpose of Life

Redding (1990) proposed that individualism and materialism have become the premise of the majority of Chinese individuals and firms. Zohar (2004) also claimed that materialist thinking rests on the assumption that the imperative to survive is the main force for human civilization and human beings are essentially selfish. She suggested that people with that belief will always act so as to pursue their own self-interest and their social system would favour the elitist or the fittest. Human beings are measured by their thirst for profit and by the capacity to consume. Employees are measured by their capacity to produce what others can consume.

However, it has been known for some time that the need for meaning has played a crucial role in human evolution and human survival (Zohar, 2004; Senge, 2006). Aside from building business lives, how do managers build a life that is richer in meaning and purpose, and live a life that can make a difference? Zohar (2004) argued that the

purpose of life is to grow as human beings, to engage in reflection and activities that put individuals in touch with the deeper core of humanity. This would mean that one would have to find some space to get out of the noise and rush of daily life to feel for at least a few moments each day the reality of one's inner life.

Within Confucian thought, the Way covers the total truths about the universe and human nature, for instance, "He has not lived in vain who dies in the evening, having been told about the Way in the morning" (The Analects IV/8). The Way (*dao*) is the representation of the ways of thinking, feeling, and acting, which requires individuals to observe and interpret pattern of human behavior (Hsu, 1969). Confucianism emphasizes that human nature is in need of discipline and education, and learning to be *junzi* (superior person) and acting as a *junzi* lends meaning to the individual's life. In Confucius's words, he who is able to nourish and realize his own natural tendencies through learning is called a *junzi* (Wu, 2011). However, Zhang (1997) pointed out that a majority of Chinese people believe that "he who excels in learning can be an official" —to be an official becomes people's dream or their life's purpose.

Chen (2002) proposed that Confucian values recognize two ways to improve the lot of the people: to educate the people, and make them wealthy. Education was required in order to understand how to use wealth wisely. When the two are realized, it would lead to personal enlightenment. Thus, Confucian managers are expected to strive for this ideal in their professional life also. This gentleman is supposed to be a model and to live a life that will inspire those around him. Managers are expected to display *ren* (benevolence) in a company, meaning benevolence or humanism. However, Zheng (2013) pointed out that managers tend to focus on the technical part of employee development. His studies have shown that training programs in the selection process,

pre-work, or on-the-job in Chinese companies are mostly technical or occupational, aiming to provide specific job-related knowledge and skills.

According to the observation of Osburg (2013), due to the negative impact of the beliefs in material achievement and approaches that they adopted, managers are clearly seeking to convert their quantitative differences in wealth into other forms of qualitative value such as status, quality (*suzhi*), or morality according to the precepts of Confucius. However, he further argued, within their intellectual framework, struggling for the material life and a feeling of insecurity about their financial position are still among their main factors causing them undue anxiety.

Chinese managers may have obtained some material achievement due to a rapid-growth market economy, which they believe will bring them personal freedom. In reality, however, most of them feel the loss of personal autonomy as a result of accumulation of material wealth. Thus, for maintaining a peaceful inner life, some of them are willing to transform themselves to be a high quality (*suzhi*) person in accordance with the teaching from traditional cultures.

To summarize, the thought structure participates actively in managers' daily actions and their approaches to life. However, material achievement in reality has not brought them real happiness. On the contrary, it has only brought them more anxiety. In order to avoid such anxiety, managers have to look deeper into their intellectual foundation. The existing knowledge that "material achievement will bring me more happiness" is replaced with, "in being a high quality (*suzhi*) person through gaining insights from traditional cultures, I will feel happier." The change in approach or purpose of life is ultimately determined by the shift of driving forces in managers' thought structure.

2.3.2 Human Relations

2.3.2.1 Human Relationships

Baskin (2011) argues that there are presently two competing paradigms about human relations that guide managerial behavior. One is Newtonian thinking, which tends to separate professional groups, knowledge, thought, feeling, body, nations, religious groups, and family by boundaries (Bohm, 1994). The essence of this paradigm is the competitive individual, or the supremacy of individualism (Hofstede, 2001), with the self isolated from the outside world. By taking the view of individualism, managers tend to separate themselves from other parts of the organization, or to separate their organization from the outside world. "I", "we" and "my position" are the dominant images in the manager's intellectual framework (Senge, 2006).

The other paradigm has its foundation in new science, which sees human relations as a living system. Everything is interconnected like a vast network of interference patterns (Lincoln, 1985). The universe begins to look more like a great system of thinking than like a great mechanical system (Capra, 1983). As in jazz improvisation, one listens to oneself as well as to other people, offering harmonic possibilities to someone else, preserving continuity of mood, and creating cross-fertilization (Weick, 2001). Managers spend most of the time establishing internal and external connections (Mintzberg, 2009).

People's attitude towards human relations is also influenced by factors of culture. Whereas people in Western cultures hold an independent construal of the self, people in non-Western cultures hold an interdependent construal (Markus & Kitayama, 1991). Cross et al. (2011) found that there is a greater urge for self-actualization in Western society than in Asian society, which sees the "self" as a part of the whole, and of less

importance. Asians are less focused on differentiating the individual from the group and therefore put less emphasis on self-actualization as a core personality process.

China is thought to be a country of high collectivism, where people must learn to preserve each other's face and self-esteem (Goffman, 1967; Hofstede, 2001). Confucius focuses on the individual's responsibilities to the group. The notions of filial obedience and responsibility to the group permeate virtually every aspect of society, including management. Some studies suggest that the Confucian system emphasizes the value of harmony (*he*), conscientiousness, reciprocity, the use of time to build trust, interpersonal relationships (*guanxi*), moderation (*zhongyong*), superiority and loyalty, human sentiment (*renqing)*, and face (*mianzi* and *lian*), and these values continue to affect organizational management in China today (Chatterjee et al., 2006; Li, 2013; Liu, 2009; Rarick, 2008; Redding, 1993; Warner, 2014; Zeng, 2006).

Avoiding open conflict is a major principle of Chinese strategies for resolving tensions, according to Gao et al. (1996), and this has a marked impact on how individuals communicate with each other. Criticism of others is often phrased in vague and moderate language to avoid giving offence. Similarly, saying "no" to a request may be interpreted as not giving face (Tang & Ward, 2003).

People are less likely to refuse favors as it will cause loss of face for others, Yang (1994) argued, and gifts are used to establish relationships of trust and dependence in Chinese society. Yang found that in people's daily relations, once the gift is accepted a debt to repay is incurred and a duty to repay in the future is therefore deemed obligatory. People believe in cementing relationships with gift exchanges (*lishang wanglai*). Receiving favors creates anxiety that one will incur obligations to the other party. It is not uncommon for managers to have a social circle (*quanzi*) where they

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offer each other material and immaterial forms of aid and support, exchanging information and sharing opportunities.

In the organizational setting, according to Li (2013), the most important responsibility of the human resource department is to deal with relationships between superior and subordinate, and relationships among employees, in order to maintain and strengthen organizational harmony. Li pointed out that the harmony of the organization is closely associated with its senior managers. Witzel (2012) proposed that managers have a duty to lead and uphold the institution, to protect and guide those who follow them; conversely, those who follow are required to obey the leaders. It is an underlying assumption in the workplace that those in the senior positions have the prerogative of speaking, with the subordinates listening reverently. Holding this premise, Chinese managers tend to rate oral fluency as of little importance in their subordinates, who are expected to maintain an attitude of acceptance rather than argument (Hildebrandt, 1988). On the part of subordinates, particular care is needed to preserve the face of their superiors (Tang & Ward, 2003).

Dardes (1991) stated that the Chinese favor the reserved, the implicit, and the indirect (*hanxu*). *Hanxu* also inhibits the straightforward expression of emotion, particularly negative emotion. The principle of moderation (*zhongyong*) is manifested in management practices such as recruitment, selection, and leadership style. *Zhongyong* is one of the fundamental ideas of Confucianism, which means balance, moderation and appropriateness (Li, 2004; Liu 2009). Good employees are those who obey what they are told (*tinghua*) and do not interrupt or talk back, having learned to control their facial expressions, posture, and speech. Li (2013) states that employees who behave appropriately are more highly regarded than those who are aggressive, and managers are unlikely to promote those who are showy and immodest. Managers themselves try

to keep a balance between strictness and weakness. For this reason, when dealing with organizational downsizing, the stabilization of the whole organization is understandably given serious consideration; and most of the appraisal systems are directed towards group results rather than personal results.

Although the value of harmony and *zhongyong* (moderation) seems to encourage modest behavior, it is argued that Chinese *guanxi* (interpersonal relationships) networks have been increasingly oriented toward the accumulation of wealth, power, and status, and relationships within and outside the organization are by nature transactional and have an economic component (Osburg 2013; Yang, 1994). This supports the observation by Fei (1992), who suggests that relationships in China are the law (*renqing jiushi falü*), and this relationship is influenced by economic factors.

Gold et al (2002) pointed out that interpersonal mental closeness is determined by a profitable outcome. As he put it, "This term (*guanxi*) usually has a negative connotation, implying 'going through the back door' to get something done" (2002, p. 6). *Guanxi* (interpersonal relationships) is sometimes interpreted as a pure money and power exchange (Marková et al., 2008). Organizational development always has its foundation in the situation of *guanxi*. Some people use gift-giving or gift-exchanging as methods to establish and maintain *guanxi* (Marková et al., 2008). Siemens, for instance, was accused of involvement in a global bribery and kickback scandal (China org.com, 22 Aug. 2007; Economist, 9 Sep. 2010), and it has been reported that GSK and other pharmaceutical giants were also engaged in scandal and bribery.

2.3.2.2 Human Activities

In the Western tradition, it is held that nature can be controlled through human activity (Doing). In some Southeast Asian countries, people believe that one must subjugate

oneself to nature (Being), which means adapting to external realities. Many Asian countries make the assumption that nature must be harmonized with (Being-in-Becoming), which means the development of all aspects of the self (Kluckhohn & Strodtbeck, 1961).

In the Chinese tradition, the basic attitude that harmony has to be maintained between human and nature (*tianrenheyi*) continues to impact people's way of thinking. People believe that there is metaphysical power from nature. The *dao* (way) is the world around us and all the driving forces from which it emerges, acting reciprocally to create harmonious relations. Everything is connected to everything else. This is the reason why some Chinese people turn to a variety of alternative shrines and temples to pray for success, safe conduct, and a good marriage (Redding, 1993).

Harmonious relationship with nature is demonstrated by the attitude of *wuwei,* which means that if one interferes, trying to enforce his or her own will, then undesired consequences will likely result. The *yijing* (The Book of Changes) stresses the unity and harmony of creation; the efforts of all should be devoted to preserving harmony. The fundamental principle of being in harmony with other parties is different from the Westerners' emphasis on the heroic enacting of ideal goals (Jullien, 2004). Zeng (2006), which used the term "middle way management" to describe *wuwei* or *zhongyong* (moderation) ideas. According to Zeng's M theory, there is a strong ethical theme that success depends on integrity, which emphasizes the respect of material means.

As Hsu and Chiu (2008) have shown, the *yijing* has a long history as an aid to decision making by business people in China. Concern with harmony and hierarchy shapes the style of communication and leads managers to take a non-interfering attitude. The

ultimate goal of Chinese communication is to pursue harmonious relations, and the ability to pursue mutual support and mutual benefit becomes one of the main criteria to evaluate individual's moral standard (Chen & Chung 1994). Chinese managers favor solutions making use of compromise and conflict-avoidance (Tang & Kirkbride, 1986). A similar Chinese preference for compromise can be seen in the study by Leung (1987), which found that the Chinese prefer mediation over adjudication as a way of resolving disputes.

The Confucian ideal also tries to attain harmony for the whole world, which means heaven, earth, and human all in their proper place; nothing is ever to go to an extreme and everything should remain in a harmonious balance. The ideal of Confucian gentility is to promote respect for those who maintain self-control, who embody perfect calm (*xinping qihe*), and who prefer cooperation over producing conflict. Li (2013) suggested that in most companies, especially private ones, the leaders' personalities have great influence on the constitution of such corporate culture: harsh, strict, and penalizing approaches are normally de-emphasized and empathic, lenient, and gentle methods are preferred. Therefore, Daoism and Confucianism both emphasize the importance of metaphysical power from nature, which not only guide the individual manager's cultivation but also shape their modest way of communication.

The study conducted by Yu (1997) finds three Chinese ways of managing a *maodun* (conflict): avoiding conflict in order to keep a harmonious relation and seeking intermediaries rather than going to court to resolve conflicts in order to avoid any argument with others.

2.3.2.3 Privacy

Westin (1966) defined privacy as "the claim of individuals, groups, or institutions to determine for themselves when, how, and to what extent information about them is communicated to others" (p. 7). The term "privacy" carries both physical and social meanings (Maanen, 1979). It also signals respect for the privacy of others (Goffman, 1959). In addition, privacy symbolizes space, and is a powerful builder and reinforcer of norms (Steele, 1973). For example, a closed office conveys a feeling of privacy (Hall, 1966). Sometimes, privacy is described in terms of control over personal information. Individuals provide others with information about themselves by communication, body language, appearance, or by any signals they unconsciously give (Goffman, 1959). Privacy sometimes is regarded as body language, the right and proper way to behave (Goffman, 1967; Maanen, 1979). Studying the interpersonal distance in various countries, Hall (1966) found cultural orientation to be significant. He noted that in some cultures, if a person is walking in a certain direction, the space ahead is perceived to belong to him. In other cultures, notably some Asian ones, space is initially defined as communal and shared.

Hall (1976) explained that collectivist societies emphasize more on maintaining harmonious relations. Open confrontation is deemed offensively impolite. It is normal to say "yes" and everyone understands that it is not to be taken literally. Employees who continually disagree with others are the ones at fault. In contrast, in an individualist culture, diversity of thought and opinion flourishes is encouraged.

Many Chinese people tend to believe that personal matters (*yinsi*) are shameful, and do not want them to be disclosed. There is a saying to the effect that the Chinese are afraid of losing face (*zhongguoren aimianzi*). Losing face means somebody is not good at something or doesn't grasp a specific skill, which is quite different from what the word "face" means in the Western context (Smith, 1897). Praise will be given to those

subordinates who are able to preserve the face of their superiors (Hildebrandt, 1988; Tang & Ward, 2003). The view that one should never reveal one's thoughts or feelings (*bugouyanxiao*), leaving the surface of public tranquility undisturbed, is strongly held in Chinese culture, which sees the mouth as the fount of misfortune (*huo cong kou chu*).

Among the Chinese, concern for face makes people reluctant to reveal information about himself or herself to another. Silence is often considered as the safest course in the management setting. It is not uncommon to see companies preparing special report boxes (*jianjuxiang*) for people to deposit denunciations anonymously (Tang & Ward, 2003).

Thus, for the sake of face, to avoid the invasion of privacy remains common practice in China today (Wang, 2011). The only exception is that there should be no secrets within the family. Each individual is born into the family as a whole, and the boundary of the right to privacy may be best understood as delineating the family rather than each individual within it. According to Li (2013), the traditional Chinese ethics can be seen as "family standard" and "moral standard": within a family, a person is first regarded as a family member rather than an individual, with individual interests being subordinate to family interests.

The boundaries of privacy encompass only the family; as Weber (1951) wrote, "the Confucian gentleman, striving simply for dignified bearing, distrusted others as generally as he believed others distrusted him" (p. 244). This attitude places limits on the growth of Chinese private enterprises. Networking beyond the family relies upon establishing mutual trust. This trust is often limited to partners bound by personal obligation. Universalistic moral rules concerning the betterment of all humankind,

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however, are not as strong as those urging benevolence towards the family circle (Schwartz, 1992). Those beyond one's primary groups of family, friends, and workplace are frowned upon as devaluing the worth of these primary groups (Tang & Ward, 2003). These traditional values still have a strong influence on managers' mindset and apply to today's business. Studies (e.g., Hamilton, 1996; Low, 2000; Redding & Wong, 1986) have suggested that trust is given to family members, close kin, or other primary groups, especially when ownership and money issues are considered.

The implication for management is favoring insiders over outsiders in selection, as enterprises are seen as ideally based on moral ties between family members rather than contracts with professional managers. For the collectivist, entering into a serious business relationship with an outsider requires time and energy spent first on establishing mutual understanding (Tang & Ward, 2003).

In the reform era of China mainland, which was initiated in 1978, however, the meaning of privacy has evolved and is still evolving and emphasis is increasingly placed on such a concept and the practice associated with this concept. According to Yan (2003), secrecy and privacy are becoming the privilege of the wealthy and powerful in China. Place and space serve as important means of maintaining the privacy. To be able to afford both privacy and spacious living is the mark of modernity and good living.

2.3.2.4 Freedom

There are a number of competing theories regarding individual freedom and collective interests. Individualistic social theory as developed in 17th-century England is seen as laying the intellectual foundations for the later British and American liberalism, and

indeed for the whole genus of modern atomistic conceptions of society (Abercrombie, Hill, & Turner, 1986).

Individual freedom and the requirements of the community may appear to be in direct conflict with each other. Social rules and moral principles are only valuable to the extent that they do not repress the individual, which leaves them very little scope (Stirner, 1907). Central to the doctrines of individuality is the need for expression of each person's uniqueness. Individuals have the capacity for action in the transformation of their environment, whether natural or social. Society should be structured so that individual qualities can be recognized and individual capacity developed.

Individualism is defined as incorporating a concept of freedom, an emphasis on the capacity to act and to transform the natural world, and a sense of self-actualizing. Individuals are free to act energetically on the world; however, they are likely to compete with one another. This signifies a major difficulty inherent in the notion of negative liberty: one person's freedom impinges on another's. As Bohm (1994) puts it, freedom means "I do what I want," where the want comes from one's conditioning, including external necessity and internal necessity. Only a consistent framework would permit both freedom and assurance. Freedom is the perception and creation of a new order of necessity.

Socialism focuses on ethical value rationality, emphasizing collective welfare and advocating cooperation by the means of planned economy (Zhang, 1997). Dr. Sun Yat-Sen (1981) believed that China needs national freedom rather than individual freedom. He states: "An individual should not have too much freedom. A nation should have absolute freedom" (p. 723). Chinese people are perceived as inseparable from their

relationships with others. From early childhood education there is a focus on discipline and learning rather than free play. Fulfillment is to be found in the performance of one's social roles and obligations to others (Tang & Ward, 2003).

Tolerance of freedom reflects the extent to which the manager allows followers scope for initiative, decision, and action. According to Littrell (2002), after experiencing empowerment, Chinese subordinates may desire a return to close, highly directive supervision requiring them to demonstrate little initiative—a comfortable, non-demanding environment consistent with their experience in the socialist and communist work culture. Compared with the current tendency in Western management styles towards greater empowerment of subordinates, more tolerance of freedom might not necessarily be regarded as a sign of a good manager in an authoritarian management culture where subordinates expect the manager to take the initiative, make the decisions and take action; as transferring these activities to the subordinates may be interpreted as an attempt by the manager to not do his or her job.

Paradoxically, while the core of one's beliefs may be highly consistent, the way one applies them may result in contradictory conclusions. Littrell (2002) found that employees seem to prefer working relationships that allow them greater responsibility and control over their work when compared to managers, who seem to want closer supervision. From the point of view of subordinates, the Confucian cultural requirement for unquestioned demonstration of respect for and unquestioned obedience to one's leader can lead to confusion and role conflicts. It seems there is tension between traditional and modern values.

As Silin (1976) notes, while it is true that Chinese conceptions of authority formally leave little room for initiative on the part of subordinates, this does not mean that

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subordinates can relax. Because Chinese managers believe that freedom and equality are the norm in Western countries rather than in the Chinese context, employees must continually assess the correctness of their actions in the light of their instructions. Improper behavior will bring into question the subordinate's loyalty and commitment to the leader, rather than simply reflecting a misunderstanding as demonstrated in Western culture.

2.3.2.5 Power

In defining power, Pfeffer (1992) posited it as "the potential ability to influence behavior, to change the course of events, to overcome resistance, and to get people to do things that they would not otherwise do" (p. 30). Psychologists French and Bertram (1959) describe the bases of social power as legitimate, reward, coercive, expert, referent, resource, decision making and information. Authority will also be discussed here; as defined by Luthans (2011), authority is the right to direct others and ask them to do things which they would not otherwise do. Further, authority is legitimate and is exercised in the working of organizations.

Hofstede (1980) suggested that in collectivist and individualist societies there are different attitudes towards power and authority. The difference is in the extent to which the less powerful members of an organization expect and accept that power will be distributed unequally. In a more authoritarian societies, subordinates expect to be told what to do and even how to do rather than to be consulted. Such societies are labelled as high in power distance. Such attitudes towards authority are often thought of as being established very early in one's life. Parents teach their children obedience and expect to be treated with respect. People take with them into adulthood not merely the habit of outward respect for superiors but also comfort from depending upon them. It

is taken for granted that this is a quite natural tendency. Hofstede's (1980) studies have shown that Mainland China places high value on power distance and low value on individualism.

It is argued that the way power is arranged in China originates form the principle of *wulun,* the Five Cardinal Relationships that bind emperor and subject, father and son, husband and wife, older brother and younger brother, and friend and friend, depicting one's foremost social roles in society (Zhang, 1997). Chen Duxiu (1922) criticized the value of *wulun* in his magazine *New Youth,* stating that power should belong to each individual, and if individuals possess power, then the power of the whole nation will be established. Wu Yu (1922) in his *On Filial Piety* suggested that China is like a factory, continually producing obedient followers. Family education aims at training the new generation in obedience, in contrast to the emphasis on independence encouraged in less authoritarian societies. Children are not encouraged to take control of their own affairs at the earliest opportunity, as is the case in more individualist societies (Ho, 1986). Lee (1985) pointed out that Lu Xun in his *Diary of a Madman* also declaimed against the doctrine of *wulun,* describing it as the life-destroying feudal code of ethics.

When such attitudes towards authority are carried forward into the workplace they fit easily with the hierarchical, top-down structure of command. The principle of *wulun* is applied in the realm of management, with the senior exerting authority over the junior, and the junior expecting more directive and controlling supervision (Littrell, 2002). However, superiors have less intention to delegate responsibility downwards (Tang & Ward, 2003). Some management development programs rely on the negotiation of a performance contract between subordinate and superiors, followed by regular meetings to assess progress. Due to a lack of willingness on the part of

superiors to delegate and a lack of independence on the part of subordinates to communicate meaningfully with the boss, such programs could be very difficult if applied in hierarchical cultural settings (Hofstede, 1980).

Power in China also has its economic component, which has to be explained in a broader social context (Fei, 1992). Zhang (2001) proposed that by entertaining officials, in order to use the advantages thus gained to generate wealth, entrepreneurs temporarily reverse the power hierarchy between bureaucrat and businessman. Alienation occurs in the realm of politics, postulates Zhang (1997), with the role of leader being transferred from that of servant of the people to that of dominating individuals through the use of power. The exchange of power for sex ("trading in power and sex," *quansejiaoyi*), or for money, or "trading in power and money" (*quanqianjiaoyi*) is common in contemporary Chinese society (Wang, 2003). The deficiency in social order is a sign of breakdown of certain old values, which indicates that certain aspects of Confucianism may have been forgotten.

The rights derived from *wulun* (the five cardinal relationships) or high power distance, some have argued, must be balanced by rules of correct behavior (*li*); that is, the senior is expected to display benevolence and justice (Tang & Ward, 2003). This is a new perception taken from Confucius's style of leadership, proposing that an essential quality of any leader is wisdom. The perfect leader is the "sage-king", who uses wisdom to guide him along the *dao*, the "way" of right thinking and behavior (Hall & Ames, 1987). Kao Yao, a government official active around 2200 BC, urged rulers to be virtuous and lead by example (Rindova & Starbuck, 1997). For managers, those who can manage all matters properly by combining flexibility with firmness seem to be more able to sustain their power than others. Such leaders would be able to win the

loyalty of their followers and peers by emotion and brotherhood (*yiqi*) and reinforce their authority to achieve their goal (Li et al., 2011).

2.3.2.6 Family Life and Work

The relationship between men and women has a fundamental impact on the family structure, as it would determine the answer to such questions such as whether work, family, or self-interest is primary—or, whether an integrated lifestyle is possible at all. Family (*jia*) plays the most important role in Chinese daily life. Traditionally, Chinese classics provided the philosophical basis for filial piety, which shaped the worldview of both elite and peasantry, and supported the family structures (Redding, 1993).

The key elements of Confucius's thought of social order is the family, and within that, the essential stabilizing feature is filial piety. Family (*jia*) has the ability to manage its affairs well and to insure against disaster (Cohen, 1976). People respect their parents and glorify their family. Studies show that in some cases Chinese individual achievement becomes an aspect of family achievement (Wilson & Pusey, 1982). Smith (1897) proposed that the meaning of economy is the proper administration of family affairs, the good management of income and expenditure. Fulfillment comes from the very structure and dynamics of relationships and emphasis on belonging (Ketcham, 1987). Thus, separating work from family does not make any sense (Schein, 2004).

Traditionally, Chinese managers form their greatest ties at work with members of their own family or kinship. When managers engage in business life, very often the lives of the members of their families or social circles (*quanzi*) are affected by those business activities. This is more than a matter of feelings, attitudes, and commitment. It is a sense of community or a sense of shared responsibility within the group setting.

However, this feeling is to a large extent limited to the family group or close kin (Redding & Wong, 1986).

The literature cited above points to a strong influence of Chinese culture on organizational development and management. The emphasis on family-based traditional values not only has a direct impact on organizational properties, but also influences the choice of another contextual factor – the size of the organization. Many Chinese private enterprises has consistently decided to stay small in order to maintain personal relations with important stakeholders or to avoid the inclusion of outsiders, who are often looked upon with some degree of distrust. They desire to keep the ownership of the business within the family circle, as it is held that only relatives are trustworthy (Berger, 1994). Even after the company has gone public, individual members of the controlling family still play a key role in its management. The family-oriented structure in public companies is a sign of low trust in professional managers and high trust built through kinship or personal relations (Yan & Sorensen, 2006).

Family members are usually brought to key management positions in an order of precedence based on degrees of proximity and trust, from being limited to immediate family, to making use of siblings, then to bringing in relatives. Having "married out", however, married sisters are considered to now owe allegiance to the new family of their husband (Wank, 1999). Yan and Sorensen (2006) conducted a study on the effect of Confucian values on the management of Chinese family business, which found that in recruiting practice, most middle and high-ranking management positions were filled either by the owner's family members or by internal promotions, and little outside recruiting activity took place. In many instances, other bonds based on being classmates, coworkers or compatriots can also serve to enhance feelings of mutual support and collaboration (Tang & Ward, 2003).

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Wu Yu (1922) described China as like a factory, continually producing obedient followers. He is not the only one to have attacked the family system and the core value of filial piety. Fu Sinian (1952) suggested that goodness essentially originates from personality. However, he argued, this personality cannot survive due to the great impact of the power structure of the Chinese family system. Xiong Shili (1980) also took a position against the system of patriarchy. Filial piety requires children to obey parents, and provide for their welfare when they are old. Teachings of Confucius emphasizes that social harmony rests upon men's honoring the obligations to their parents (Tang & Ward, 2003). In management practice, the good employee is one who behaves in accordance with the authority of the superiors (*tinghua*) (Dardes, 1991).

Yin and *yang* form the main topic in *Yijing*. The balance between *yin* and *yang*— the female and male—is the underlying principle of the universe, in the mind of the Chinese people (Li et al., 2011). There is no clear border between *yin* and *yang*, with *yin* existing in *yang* and *yang* in *yin*. The two opposites of *yin* and *yang* attract and complement each other. For example, there is a traditional mentality where men are responsible for matters outside the family and women are in charge of housework (*nanzhuwainvzhunei*). Sons are taught that they have to work hard and be successful so they can support the family. Living and getting along well (*guode hao*) was invoked to justify people's relationships. In fact, providing family with material support was cited as evidence of "responsible" men (*you zerengan*). Parents take the view that a good marriage will ensure that their daughters live an easy life in the city. Also, a good daughter-in-law will likely take care of them too, perhaps later in life (Osburg, 2013). Smith (1897) suggested that a salient characteristic of China is responsibility. As an individual living in a family or a village, one's whole life entails taking responsibility, either as a son or brother, or as head of the family.

By contrast, materialistic vision has governed most programs of social and economic development in recent times. People are taught atomistic conceptions of society, resulting in the aloof nature of interactions that constitute the building blocks of family. When these collective structures somehow come into being, they have the potential of demonstrating certain patterns of behavior. According to Osburg (2013), Chinese managers often spend the greatest amount of time in the world of business outside their home and are seen as having little time for family life. Although this seems to contradict what was just discussed regarding the family business model, if we look deeper into the materialistic structure of the family itself, it is not difficult to understand that the essence of relations among family members tends to be reduced to only monetary ties.

Entrepreneurs or owners feel that once their financial obligations to their families are satisfied, they have a license to enjoy life in the world of business entertaining. They often deliberately keep their business lives and connections separate from their wives and their wives' social circles. "Taking care of a client" (*peikehu*) and "business entertaining" (*yingchou*) are the most common excuse for late nights out or even vacations with girlfriends or mistresses. Interestingly, it is not uncommon to find that wives take this for granted; they sometimes describe their relations with their husbands as: "he doesn't supervise me, and I don't supervise him" (*Wo buhui guan ta. Ta ye buhui guan wo*). Therefore, the phrase "men control the outside; women manage the inside" (*nan zhu wai; nu zhu nei*) is still used on some occasions to describe the gendering of space associated with traditional Chinese society (Osburg, 2013; Smith, 1897).

2.3.2.7 Justice

In management theory, justice is interpreted as being concerned with all matters of workplace behavior, from performance reviews to selection, dismissal, pay, access to training, and gender equality (Sheppard et al., 1992). It refers to employees' perception of their organization's behaviors, decisions, and actions, and how this perception influences the employees' own attitudes and behaviors at work (Greenberg, 1987).

Equity theory (Adams, 1963, 1965) suggests that judgments of equity are derived from comparisons between one's self and others based on inputs and outcomes. The idea of organizational justice in management and organizational studies stems from equity theory, which is closely connected to the concept of fairness; employees are sensitive to decisions made on a day-to-day basis by their employers, on both the small and the large scale, and will judge these decisions as unfair or fair. These perceptions can influence an individual's attitudes and behaviors and can lead to workplace deviance. Therefore, fairness is often of central interest to organizations.

Much literature in the field of organizational psychology has examined organizational justice as well as the associated outcomes. The way of seeing justice influences many key organizational outcomes such as progressive communication, motivation, and employee satisfaction (Al-Zu'bi, 2010; Latham & Pinder, 2005). Research by Sharpe (2006) showed that perceptions of fairness affected the extent to which employees accepted and adjusted to organizational changes. Employees' inherent suspicion of being appraised is likely to stem from their observations of the way performance reviews are conducted, as opposed to their assumptions (Brumback, 2005). Therefore, ensuring organizational justice should be a fundamental issue for the organization. It can encourage positive attributes like cooperation and collaboration. I would assume that it is a normative incoherence and not taking a stand within one's framwrok.

However, if the necessary structures of the organization's intellectual life are to be firmly erected, justice would seem to be one major power with profound meaning that should go far beyond the narrative as it unfolded in past ages. Especially during the transition period, people increasingly gain access to information of every kind and to a diversity of ideas. The meaning of justice expands when it is applied to different levels. At the individual level, justice is an important intellectual capacity that enables each person to distinguish truth from falsehood. Justice permits each individual to see with his own eyes rather than the eyes of others, to know through his own knowledge rather than the knowledge of his coworkers. It calls for fair-mindedness in one's judgments, and for equity in one's treatment of others (BIC, 1995).

At the organizational level, a concern for justice is the cornerstone in collective decision-making, because it is the only means by which unity of thought and action can be achieved. Traditionally, the punitive spirit was often encouraged under the name of justice. However, based on the understanding that the interests of the individual and those of organizations and society are inextricably linked, new meaning is given to this term in order to achieve organizational progress. Justice becomes a guiding concern of the individual's interaction within the organization. A consultative climate is encouraged that permits options to be examined dispassionately and appropriate courses of action selected (BIC, 1995).

More often than not, organizational progress is defined as the tendency to sacrifice the wellbeing of the society to the advantages which technological development can make available to privileged minorities. Organizational justice is sometimes discussed alongside corporate social responsibility (CSR), which is often presented as a form of societal justice. While it is different from the generally understood activities of charity or philanthropy that transfer material resources from one party to another party, in

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organizational planning, justice ensures a real responsibility that limited resources are not diverted to the pursuit of programs extraneous to a region's fundamental social or economic priorities. Above all, only organizational development projects that are regarded as meeting individuals' needs and as being just can hope to engage the commitment of the masses of humanity, upon whom implementation depends. The relevant human qualities such as honesty, dedication, and a spirit of collaboration are successfully harnessed to achieve prosperity in life when individuals can trust that they are assured of benefits that apply equally to all (BIC, 1995).

It is suggested that there is not even a term for 'justice' in the classical lexicon of Confucius (Nadeau, 2002). However, a number of scholars explain *yi* in the Confucian value system as a term associated with justice, which can be translated into righteousness, duty, principle, obligation, and so on. They claim that although it is difficult to find a term that has an equal meaning with justice, Chinese tradition encompasses things that can be considered as justice (Peerenboom, 1998). The term *yi* is often interpreted as *jianghu* (rivers and lakes), a community of martial artists in *wuxia* stories and, more recently, outlaw societies like the Triads or *quanzi* (social circle).

In contemporary China, to have *yi* (righteousness) is more about being a person with responsibility (*youzerengan*) (Osburg, 2013; Smith, 1897), which is not uncommon to be centered on ensuring the happiness of family, kinship, neighborhood, and close friends through bringing them economic benefits (Yan & Sorensen, 2006). Organizational leaders tend to avoid responsibility (Tang & Ward, 2003), but they do care a lot about the material wellbeing of their village where they were born, close kin, or people from the same background.

The hierarchical nature of management in Chinese companies also prevents individuals from distinguishing truth from falsehood, where the senior tends to exert authority over the junior, and the junior expects more directive and controlling supervision (Littrell, 2002). As a result, there is a tendency toward manipulation and partisanship, which is more likely to sway the opinions of the head of the company, and the good employee is described as one who behaves in accordance with the authority of the superiors (*tinghua*) (Dardes, 1991).

2.3.3 Knowledge

2.3.3.1 The Nature of Reality and Truth

As Bernstein (1983) posited, objectivism takes the view that there is some permanent framework to which we can ultimately appeal in determining the nature of truth and reality. It is believed that knowledge of physical reality is obtained through scientific method. On the other hand, Bernstein claimed that relativism assumes that the most fundamental concepts must be understood relative to a specific conceptual scheme, theoretical framework, paradigm, form of life, society, or culture. Different cultures interpret reality by using their own perception (Maanen, 1979). Surely some cultures favor objectivism, and others favor relativism. Schein (2004) takes a 'meta' view, suggesting that each culture has its particular interpretation about human nature, human to nature, human relations, power and political process, meaning of life, ideology, religion, group boundaries, and culture itself.

The lack of correspondence between human thought and the truth becomes evident when people try to explain their understanding of concepts such as space, time, the human spirit or life after death; as Kuhn (1970) emphasized, there is a rich social context to science, and logical way of thinking alone are insufficient for producing

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knowledge. Scientific endeavor is a process of making models and theories for specific ranges of phenomena, the models themselves never being a replica of reality. For example, physicalism tries to explain consciousness and reason in a way where people are solely physical objects. The other extreme is that vulgar concepts of phenomena tend to evince a failure to grasp science.

Bohm (1994) also claimed that similar limitations also apply to human knowledge of social reality. He pointed out that the fragmentation of the human mind is profoundly connected to the fragmentation of society as it is today; a fragmented mind asks fragmented questions about reality, and gets fragmented answers that result in the construction of a human society which is fragmented not only at the level of individual and collective thought but in the organization of human affairs as well. Only by looking deeply into the intellectual foundation and new knowledge being introduced can robust mental models be established and result in a more coherent structure and relevant pattern of behavior.

Zhang (1997) suggested that in the early 20th century, the Chinese intellectual framework was influenced by scientific method, echoing Weber's instrumental rationality, which focuses on logical positivism, deduction, and finding the cause and effect of the external world, with the goal of dominating nature. However, the traditional Chinese way of thinking maintains that everything is a matter of degree, everything is in flux, and everything flows, and social reality is not something fixed but a process of becoming (Kosko, 1994). The underlying assumption is that there are infinite possibilities of understanding human nature and the external world. Although sometimes they are antagonistic or contradictory one to another, all of these possibilities or realities are acceptable to the seekers of knowledge.

The Chinese idea of suspending judgment about good/bad is revealed in the proverb about an old man and his horse: *saiwengshima, yanzhifeifu*. When the horse wandered and crossed the border and was lost, the man's neighbors commiserated. He himself was more philosophical; and when the horse eventually came back across the border accompanied by a second horse, the complexities of the situation expanded. *Yin* (the female) and *Yang* (the male), good and bad, true and false, and right and wrong are not stable. They are in the process of continuous change and transformation. This mode of thinking is different from the paradigm of classical science, which believes that there are only two ways to answer questions, i.e., true or false.

Smith (1897) characterized the Chinese culture as "the existence of a double standard of any kind" (p. 48), a different kind of relativism. As he put it, there a disregard for accuracy, and customs are different from area to area, even over quite a short distance. In his book *My Country and My People*, Lin Yutang (1936) declaimed that "for a Chinese it is not enough that a proposition be 'logically correct'; it is much more important that it be 'in accord with human nature'" (p. 48). Unlike Western logical and static thinking, the Chinese use fuzzy and processual thinking to understand the nature of humans and the world. This is why there is always a middle way in Chinese management, as pointed out by Zeng (2006); the middle way does not entail one right solution, rather it is depending on the context. For example, in a Chinese organization the appraisal system can hardly be objective. As harmony (*He*) is emphasized in human resource management, one has to make sure that everybody is happy with the result of the appraisal (Li, 2013).

In terms of searching for reality, there is a tradition derived from the hierarchical nature of Chinese society of education from childhood to be dependent on superiors for guidance in dealing with the unexpected issues. Individuals tend to avoid making

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decisions and would like to submit them to public scrutiny. In the organizational context, employees are taught to be modest and there is less value placed on promoting a questioning attitude.

The unwillingness to question might also relate to the principle of *zhongyong* (moderation)*,* which requires individuals to control their emotions and curb their aggressive behavior in order to avoid being involved in a potential conflict. As suggested by Li et al. (2011), Chinese managers tend to suspend judgment and make adaptable decisions according to different situations, even if such decisions may contradict preset policies. Therefore, *zhongyong* is a situation where different propositions and viewpoints can coexist without any bias or prejudice (Li, 2004; Liu, 2009). This way of interaction is a dynamic process within which the participants continuously adjust themselves towards cooperation and collaboration (Chen, 2002).

2.3.3.2 The Relation between Religion and Science

Since the 20th century, the views of science have dominated Western thought (Baskin, 2011; Zohar, 1990). Analytic observation is the dominant source of knowledge and the world is regarded as "a perfect machine" (Morin, 2008). Once a theory is proposed, it is to be rigorously tested by observation and experimentation. Every effort is to be made to refute it, to falsify it. There is only one kind of knowledge, scientific knowledge, and valid knowledge must be based on verifiability in experience. Modernism and logical positivism suggested that science could, with enough time and resources, prove all that could be known (Popper, 1935).

This scientific mindset leads to a sharp separation between mind and body, between object and subject; reason is the only standard and any other knowledge claims are suspect. Science rather than tradition, history, law, philosophy, religion, or any other

system is perceived to be the sole source of objective knowledge. With mechanistic model of thought, people seek the right solution for the educational system, the economic system, and the political system. Professional management treats people as objects without any understanding, intuition, belief, and commitment, leading to thin, superficial, and immoral organizations (Mintzberg, 1989).

By contrast, DeWolf (2011) stated that it is through the teachings of religion that the masses of humanity have developed their full potential to love, to sacrifice for the common good, and to practice forgiveness, generosity, and trust, which cannot be easily captured in scientific terms. An investigation into the deeper levels of Eastern spiritual past reveals a universal Idea of Truth, of Goodness, of Beauty, and even universal Ideas of things like apples and chairs (Mintzberg, 1989; Zohar, 2004). Every mountain, tree, flowers, and dust particle actually possesses an inner, psychological life, which is unobservable; according to the idea that science and religion work together, this world of dust could be raised to the heaven of glory. `Abdu'l-Bahá (2014) wrote that: "knowledge is of two kinds: existential knowledge and formal knowledge, that is, intuitive knowledge and conceptual knowledge" (p. 179). Thus, science and religion can be regarded as two complementary, overlapping systems of knowledge and practice.

Mintzberg (1989) argued that treating people as objects doesn't work in management, because facts themselves are infused with value, in their content and in their origin as well as in their selection. A great deal of the manager's input is soft and speculative: impressions and feelings about other people, hearsay, gossip, and so on.

Historically, China is a country of polytheism, pantheism, and atheism, although Confucianism is the most influential belief system (Smith, 1897). Rather than being

attached to one belief system, the Chinese adopted a middle way of thinking; the result of so many interconnected phenomena at many scales adapting to each other is a world of ongoing change, which is depicted in the *Yijing* (*Book of Changes*).

Zhang (1997) argued that the Enlightenment of the 18th century eventually shook the foundations of the traditional Chinese mode of thinking. Zhang gave an example that in 1879, Kang Youwei visited Hong Kong and was inspired by the Western administration system. Zheng Guanying also emphasized the strength of the Western value system around science (Wei, 1991). In the early twentieth century, Darwinism became a dominant view within the Chinese value system, a situation that lasted for nearly 30 years (Guo, 1980). In 1898, Yan Fu translated Huxley's famous book *Evolution and Ethics* into Chinese. Hu Shi (1998) claimed that his own name commemorates Yan Fu's translation of this important book, which has a great impact on the Chinese value system.

Lu (2007) suggested that democracy and science are always invoked in the discourse of the May Fourth New Culture Movement. In the later stages of the movement, however, Miss Moral was also introduced. Liang Qichao (1963) says the wars were started due to a lack of spirituality, and it destroyed the foundation of philosophy and religion. He emphasizes the importance of the Chinese spirit, which seeks the pursuit of beauty and goodness. At that time, Western scholars were also disappointed with the material civilization originated from Weber's instrumental rationality after World War I, and started to seek a spiritual cure from Eastern wisdom.

When the Chinese Communist Party came to power in 1949, its scientific materialism categorically rejected the notion of religion as a system of knowledge, ostracizing it as no more than a superstitious practice of the weak in mind, and predicting that religion

would fade away as society became more advanced and people became more mature (Lai, 2003).

In the reform era, materialism seems to be a dominant value in the mind of the new rich. The phrase "Chinese people have no beliefs" (*Zhongguoren meiyou xinyang*) occurs in a number of studies (Osburg, 2013, Reed, 1991; Richard, 2011; Vernezze, 2011). Osburg (2013) and Reed (1991) argued that the reform era is characterized by the loss of belief and the lack of public-oriented morality, as China's reforms is grounded in the Maoist era's institutional dimensions of human and markets. They suggested that much endeavor has been made to search for a new form of public-oriented morality (*gonggong daode*) that could replace the collectivist ethics of the Maoist era, identifying religion as a possible source of collective morality.

Without the guidance of a spiritual principle, Tang and Ward (2003) suggested organizational leaders tend to avoid responsibility, based on the idea of protection from accountability and avoiding situations where their powers will be visibly circumscribed. The other concern is that staying behind the scenes allows leaders to change their position without any loss of face. Reed (1991) posited that their psychological and spiritual need is calling for the revival of religion. Lai (2003) suggested that beliefs are vital for the new population, who are confronting a number of challenges inherent in the modernization process.

As the most important part of the traditional Chinese belief system, Confucianism continues to have a great impact on the management of business organizations and human resources today, specifically in terms of organizational culture and business ethics; as Child and Warner (2003) proposed, the core value of benevolence helps managers to build some important norms and rites in the culture of the Chinese

organization. But, whether Confucianism is able to play a leading role in the spiritual life of the Chinese population nowadays is a question that could not be answered with certainty.

2.3.3.3 The Role of Technology in the Future of Humanity

Technology, with which science is often confused, is now widespread. People communicate by telephone, electronic mail, Facebook, Weibo, WeChat, videophone and a host of other devices. However, technology is often used in accordance with the paradigm of scientific method, with value and meaning driven out. According to Mintzberg (1989), in the age of information technology, management practice is becoming too superficial, too disconnected, and too conformist. For example, e-mail is restricted by the poverty of words alone, increases the pace and pressure of managing, and likely increases the interruptions as well. The Internet may be enhancing networks while weakening communities, within organizations as well as across them.

Lincoln (1985) argued that stable paradigms produce and are then supported by technologies. The prevailing Weberian paradigm is similarly replete with technologies that support its assumptions. Bureaucratization can be found in every aspect of organizations. Management information systems, program planning and budget systems, management by objectives, program evaluation and review techniques, future studies techniques, marketing survey and needs assessment techniques, and convergence techniques are all used in assisting management decisions, resource allocation, performance monitoring and assessment, customer services, goal formulation, and opportunity seeking. Other techniques include written policies, rules and regulations, organization charts, job descriptions, performance assessment tools,

and supervisory techniques, which are also used by the researcher in studying organizations.

There is a concern that the interlocked crises threatening humanity today have a relation with our highly developed technology. Although others would argue that our environmental crisis reflects a failure to heeds the warnings of climate scientists, as technology continues to advance, working within systems corrupted by competition, crises such as climate change, ecological spoliation, and tsunamis that we can expect to experience over the next few decades can be seen as a result of using a combination of advanced technologies (Baskin, 2011). Indeed, if most of humankind continues to be regarded as users of products of science and technology created elsewhere, then the way scientific and technological activity is to be organized is in need of careful examination. As Wolpert (1999) pointed out, dangers arise when science is applied as technology. It is true that technology has mixed results, sometimes disastrous ones; according to Alan Watts (1951): "technology is destructive only in the hands of people who do not realize that they are one and the same process as the universe" (p. 43). Thus, obsession with technology without heeding science may be at the root of our problems.

Although Chinese traditional values maintain that everything is in flux (Kosko, 1994), according to Witzel (2012), Mencius did talk a great deal about the need for techniques, particularly in the management of agriculture and land tenure, and Mencius clearly believed in the use of a more systematic approach to administration than simply managing on ad hoc basis. In that sense, he can be fairly seen as anticipating some of the ideas of Taylor and Emerson. The China of today supports a scientific way of management practices, with a fever for the introduction of Western management methods. However, more often than not, science and scientific management seem to

be understood as mere knowledge of technology. G*uanxi* (interpersonal relationships), *renqing* (sentimental connections)*,* and harmony play a more important role in recruitment and selection, performance assessment, and decision making (Warner, 2014; Zeng, 2006).

2.3.4 Reading into the History of Humanity

2.3.4.1 The Evolution of Humanity

Humanity appears to show periods of great regeneration in its history (Burnier, 1991). What kinds of characteristics are manifested in this season, this particular time of human progress, and how human spiritual vigor is marked during this period of time, is a vital element within the managers' intellectual framework. Humankind appears to be living through one of the great transformational periods of humankind history, a time when the very way people perceive the world could change dramatically (Baskin, 2011). The regeneration of human history occurs with a natural regularity—the necessary order of succession.

Chinese thought emerged from a tradition that began in agriculture just as Western thinking emerged from a commercial tradition (Fei, 1992; Fung, 1976). The Chinese continually renew themselves, with confidence in the future. They have a clear awareness of cycles, i.e., crops are planted, grow, and are harvested every year. Dynastic history itself evidences the function of cycles in human history: a dynasty is strong and healthy, degenerates, collapses. The spirit of *The Art of War* lies in a clear awareness of cycles that will enable one to achieve the goal (Baskin, 2011). Inspired by Chinese philosophy, the past, the present, and the future are interconnected and indistinguishable. *Dao* (way) is formless but keeps things in order and in harmony. It manifests itself through cycles and transitions.

Although Chinese people always have a hope for the future, rationality and the doctrine of evolution have had a great impact on their belief system, which is now characterized by the promoting of modern commercial products. In contrast to the old value of the cyclical nature of time, the concept of human evolution is premised on the powers of human rationality and demonstrated by the capability of human dominating nature. As Zhang (2006) pointed out, many companies concentrate on large-scale production to supply to a substantial world market. However, these same companies can be characterized by low technology, poor management, few financial resources, and less prospect of future expansion. Rather than being confident about the future, many managers worry about the working capital and the prospects for future development of their companies. More and more obscure as well as visible problems surround management and organizations, and managers seem to be losing faith in the future.

2.3.4.2 World Economy

With the disastrous consequences for the world economy already noted (Claesens, Rose, & Terrones, 2008), capitalism assumes that the earth is here to provide us with unlimited resources. There is general assumption that each enterprise is an island unto itself whose actions have no unwanted consequences, and whose interests are under its own self-control. As a consequence, a corporation can operate without regard to or concern for wider issues. As Zohar (2004) put it, "We don't know what's outside the window, and we don't care" (p. 11).

In China today the neglect of externalities is very clear. As suggested by Zhang (1997), the doctrine of pragmatism recalls the famous quote from Deng Xiaoping, "It doesn't matter if a cat is black or white, so long as it catches mice." The socio-economic

transition underway China since the 20th century was destined to become a major part of the process of global modernization, with China now playing the role of world factory (Zhang, 2006). As Wang Ermin (1995) put it, contemporary China is dominated by the idea of becoming richer and stronger. Zhang (1997) argued that, although there are differences among countries' modernization, there is a common motivation: rationalization. According to the value of instrumental rationality, approaches and methods are not at issue, and what counts is that the material prosperity of society is achieved. Battlefield and business are the two best areas to implement the value of instrumental rationality. However, Habermas (1987) pointed out that Weber's definition of rationalization is quite narrow, being limited to the instrumental aspect, with human value displaced.

The current economic system in China is also a reflection of *zhongyong* (moderation), being a mixture of the "invisible hands" (market system) and the "visible hands" (state control system)" resulting in socialism "with Chinese characteristics" (*You Zhongguotese de shehuizhuyi*). This terminology was employed after 1979. During the reform era, due to the desire for material well-being but lacking the ability, education, or *suzhi* (quality) to achieve it, the economy was created by "taking the shortcut" (*zou jiejing*) with unchecked ambitions and questionable morals. In the short cut economy, no one cares how you succeed, what methods you used, what you sacrificed, what price you paid, who you hurt, or whether or not you lack morals. What people pay attention to is whether or not you have succeeded (An, 2002; Osburg, 2013; Tisdell, 2009). Expediency rules seem to be applicable in every aspect of organizational development and management. In such a climate there is collusion between officials and entrepreneurs for the sake of illegal profit (*guanshang goujie*), which results in

numerous tofu-dregs projects (*doufuzha gongcheng*), and the phenomenon contradicts the national narrative of technological and economic progress (Osburg, 2013).

The concept of instrumental rationality has permeated every aspect of society, (Zhang, 1997)). The craving to restore China to the center of the world, principally by its economic power, stems from strongly held views of modernization and rationalization gears towards material prosperity. The idea that China is the "factory of the world" and that it is the world's second largest economy is supported by the growth of the country's GDP (Tisdell, 2009).With the aim of rapid expansion, Chinese companies have been learning Western management theory and applying methods such as scientific management, international strategy, control and management by objectives, and so on (Zhang, 2006).

2.3.5 The Meaning and Purpose of Education

Is the educational process intended to increase people's capabilities to serve humanity through meaningful social action, or just reduced to mechanical questions and answers? The answer to this question is another important component within the managers' intellectual framework. Freire (2004) pointed out that dehumanization exists in the field of education, affecting both the educator and those to be educated. In this age, people are not educated in the sense that they can reflect the knowledge in their own work or development, their own personality. The challenge ahead of us is to make knowledge once again a means to human development. An educated person is one who is able and eager to continue learning (Drucker, 1998).

Professionalism is used to concentrate power over the learning process in the hands of the teacher instead of the student, as posited by Mintzberg (1989), in fact a teacher cannot teach children anything, only help them to find it within themselves. And the

same holds true for the relationship between managers and people doing difficult work. Mintzberg argued that education in the contemporary business school is not sufficient for dealing with dynamic and complex business problems, and the abilities of students with MBA training have never been demonstrated in practice. He considered that formal education can hardly be a prerequisite to practicing a so-called profession.

In the China of the 1950s and 1960s, the Soviet-model of ideal citizen was that one should be both ideologically correct and technically savvy (*youhong youzhuang*). Managers were, however, often required to be ideologically correct (*hong*) rather than technically savvy (*zhuan*) (Schurmann, 1966). The large state-owned enterprises or SOEs (*guoyou qiye*) became the dominant form of industrial organization during this period. Managers were trained in production management or engineering, and few were educated in modern methods of accounting, finance, marketing, sales, and so on. Fulfilling the production quota rather than making quality goods was the order of the day. Many times, they just wanted to survive in this system and have a quiet life, staying on the side of caution (Warner, 2003, 2014).

After China's economic reforms in 1978, officials called for quality education because they wanted to emulate the western world's educational methods. They feared that students who learned nothing besides exam skills would be poorly equipped to compete better in the global economy (Kipnis, 2006; Woronov, 2009). The meaning of education seems to have expanded gradually. During years after economic reforms, promoters of the single-child policy told parents that every child could join the elite if given enough parental support (Fong, 2007). Accordingly, parents generously paid for their children's computer, art, and sports lessons, hoping to increase their prospects, and some planned on sending their children abroad for high school or college education (Anagnost, 1997; Kipnis, 2006; Woronov, 2009).

A new breed of Chinese managers had emerged, even as the ownership structure shifted from one dominated by state-owned enterprises to a complex mix of ownership forms. A transformation in both the quantity and the quality of training was to occur quite rapidly over the ensuing decades (Warner & Goodall, 2009).

Since 1983, official policy has been geared towards developing the professionals at all levels. New institutions were needed to train managers to cope with the forces of globalization, including through Western-style education, hence the popular term "business school" (*shang xueyuan*) currently seen in many Chinese universities (Warner & Goodall 2009). A person's educational attainment, however, has been interpreted in a problematic way (Wu, 2012). It is said that "Today's education is tomorrow's economy" as well as "It is better to marry a peasant than a person who has no culture (*wenhua*)". Degrees are normally regarded as indicators of the level of education. In organizations, peasants-workers are deemed to be of low level of culture because of their lack of schooling (Osburg, 2013).

Although managers continue to see the academic credential such as bachelor degree as a basic requirement for joining the workforce, sometimes even recruiters in companies put forward a negative impression of educated people (Osburg, 2013). It is argued that most of the young people in contemporary Chinese universities are being educated to be good for nothing; according to Drucker (1998), they are being educated to be government economists and bureaucrats. Managers have frequently denounced the Chinese educational system as producing little more than meek, obedient test takers who make for good employees but lack the skills to survive in the world of business. Due to the nature of high power distance, good employees are seen as those who heed what they are told (*ting hua*) and are able to learn to control their aggressive expression and to show modest and appropriate behavior (Li, 2013).

Managers in some cases are categorized as the group of new rich, and as such are likely to be accused of possessing poor *sushi* (quality). Poor *suzhi* is often used to mean an individual's level of personal cultivation as reflected in his or her demeanor, manners, tastes, and most important, morality (Osburg, 2013). Since the early 20th century, Chinese intellectuals have been advocating that the need for transformation of individual personality in order to improve the well-being (more often than not, interpreted as material prosperity) of Chinese society. Zeng (2006) suggested that Chinese traditional values should be incorporated in the recruitment and selection policy of companies, as education in ancient China had a unique meaning. Confucius pronounces that "The *junzi* (superior person) sets his mind on the Way (*dao*), depends on virtue (*de*), relies on benevolence (*ren*) and enjoys the arts (*yi*)" (Legge, 1971).

2.3.6 The Nature of Organization

2.3.6.1 Metaphor of Organization

Concepts about organizations have been evolving from the mechanistic construct of early studies to the more humanist model of recent decades. Early theories focused on efficiency, seeing the organization as a machine, including Adam Smith's economic human, Max Weber's bureaucratic theory, and Taylor and Fayol's scientific management. Later theories incorporate more human factors, considering the social needs of organization's members by taking the view that individual workers are members of a group, and monetary incentives and good working conditions are less important than social needs (Mayo, 1933; Mintzberg, 1989; Schein, 2004).

In describing the relationships among elements of an ideal bureaucratic organization, Weber employed the following terms: precisely, efficiently, uninterruptedly, rationally, in a depersonalized way, and obediently (Clark, 1985). In bureaucratic organizations,

leaders enable their employees to behave rationally by telling stories of the corporate culture and chain of command (Denning, 2001). The organization consists of replaceable parts (employees) and corporate machine operators (CEO and board of directors). Messy and complex human reality is replaced by a perfectly tidy and efficient machine (Taptiklis, 2008).

Parsons (1947) noted that, "military organization. . .was a subject in which Weber was greatly interested and to which he attributed great importance for social phenomena generally" (p. 336). Managers are still employing military terms in describing or perhaps thinking about their organizations: line officers, chain of command, subordinates, discipline, task forces, authority, standard operating procedures, span of control, and so on. If people continue perceiving themselves as machines, they may become machines. Peters and Waterman (1982), in a popularized discussion of changes in management perspectives, ran into a language problem, as these terms sound so right and righteous that it is hard to entertain alternative perspectives to the images conveyed by them.

Ever since Plato the West has stressed the rational and the analytic, the rules by which people form thoughts and make decisions. Art is separated from science, affect separated from cognition, and imagination separated from reasoning (Douglas, 1986). In the organizational setting, physical functions such as communication, coordination, computation, learning, and memory are focused on. On the other hand, energy, vigor, feeling, spontaneity, creativity, imagination, laughing at jokes, enjoying music, suffering pain, and empathy are ignored by managers in modern enterprises (Zohar, 1990).

Humanism holds that the world is like a hologram, with its part and whole embedded in each other. The organization, as a living being, is not a stable structure, but a continuous process of organizing information, which is always changing and dynamic (Wheatley, 2006). In the network of organization, human and non-human factors, living and non-living actors, seem to be continually in the process of forming, interconnecting, being maintained or evolving. As Mintzberg (1989) argued, there are intangible yet very real components within organizations, such as mood, atmosphere, chemistry, style, culture, or character. Organizations come alive only when the people critical to them believe in them, and they are infused with human spirit, energy, or ideology. Such organizations should be encouraging autonomy, understanding their mission, knowing the people they serve, and exciting the ones they employ; they should be encouraging deep knowledge, healthy competition, and authentic social responsibility.

How Chinese managers understand organization needs to be put in a larger social context. Communism is a gospel of total centralization and of decision-making at the very top, with a minimum of local initiative or local responsibility. As Fei (1992) put it, the system in China is a "legal state ruled by men" (*renzhide fazhi shehui*), which is opposed to a "legal state ruled by law" (*fazhide fazhi shehui*). Some argue that it is more effective to solve management problems if the principle of *zhongyong* (moderation) is adopted. There needs to be some degree of compromise or middle way between rules by laws and rules by humans, with a gentle and middle-way leadership style (Zeng, 2006). Accordingly, *li* (correct behavior), *ren* (benevolence)*,* and harmony are some images of organizations in China.

Han Fei, a Chinese philosopher in the Warring States period, doubted that the Confucian and Daoist view that human beings are essentially good. He suggested that

the only way to achieve conformity to the required standards and norms was through force of law and draconian methods of punishment (Han Fei-tzu). Rindova and Starbuck (1997) suggested that Han Fei's ideas resonate with some of the bureaucratic systems developed in the West, leading to a continuous centuries-long contest between Legalism and Confucian values in the Chinese social system. According to Han Fei, the leader of an organization should never let his followers know what he is thinking, or give them any indication of his plans. They did not need to know these things. It was enough that they should obey.

Interestingly, the Officials of Zhou, composed around 1100 BC, is identified by Rindova and Starbuck (1997) as the founding text of Chinese bureaucracy. The Officials of Zhou catalogues all the officials of the Kingdom of Zhou and identifies their duties and reports as well as procedures by which their work can be checked and audited. It remains one of the most sophisticated documents on organizational structure to have survived from ancient times.

It is argued by Osburg (2013) that the Maoist collectivist ethics is challenged today by notions of human sentiments (*renqing*). The opposite of human sentiments is to have no heart (*wuqing)*, which is defined by Lin Yutang (1937) as "a man who is cold or hard-hearted or disloyal" (p. 434). Sense of honor and obligation in personal relationships (*yiqi*) are fundamental in networks of organization. These networks are institutionalized and become the very precondition for the existence of different organizations.

Here again, we find a mixture of images regarding organization in the manager's intellectual framework due to Chinese fuzzy thinking, with some managers advocating the importance of humanism such as *guanxi* (interpersonal relationships), *renqing* and

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yiqi (sense of honor and obligation in personal relationships) in the workplace and others focusing on the establishment of a Western-style bureaucratic system, and perhaps the rest adopting a middle way (Li et al., 2011; Zeng, 2006). It seems difficult for managers to have a unified cognitive model if we don't go deeper into the dynamic of intellectual foundation and its implications for pattern of behavior.

2.3.6.2 Mission and Strategy

One component of a theory of business is the underlying assumption about mission and strategy (Drucker, 1994). Strategy means knowing where one wants to go, planning the route, and ensuring that the organization functions properly. The maintenance of good relationships with the major stakeholders is a kind of strategy. A different image about the organization would result in different strategies. By assuming that the organization is a dynamic network, leaders can understand and take advantage of, but not control. For example, Bill Gates sees the *dao* (way) of the personal computer software industry. Ma Yun sees the opportunity of B2B. They do not seek to create a new product, but take advantage of phase transition (Baskin, 2011; Drucker, 1994). Believing in *dao,* where harmony has to be maintained between human and nature (*tianrenheyi*), a company will have an open mind in relation to the outside world, not competing but interacting and learning from each other. However, the business world tends to be separate from the environment within which it is operating. The modern enterprise may be likened to a rapidly working machine where people can't escape (Douglas, 1986; Zohar, 2004). It is criticized that Chinese enterprises are introducing Western management ideas and experiences that seek productivity and profitability based on quantitative management, which has been regarded as the basic rule of running business in the West (Li et al., 2011). The reason is that it neglects the Chinese context.

2.3.6.3 Organizational Goal

Pfeffer (1982) pointed out that the role of goals in organizational theory and practice has been problematic for decades, as the concept of *a priori* goals lies so close to the heart of the notion of a rational organization. He noted, "The critical distinguishing feature of organization theories taking the rational perspective is the element of conscious, foresightful action reasonably autonomously constructed to achieve some goal or value" (p. 7).

Writing in 1989, Mintzberg suggested that the management system directs energy and resources to achieving results measured in financial terms, by focusing on economic performance and sacrificing long-term benefits. The obsession with the bottom line and the absurd notion of managing "shareholder value" result in few workers caring what is being produced, let alone how or for whose benefit. It is argued that the financial reporting system may actually inhibit social responsiveness (Ackerman 1975). Workers, customers, citizens, even managers themselves, have come increasingly to question whether organizations are there to serve them or to enslave them (Mintzberg, 1989). Some scholars who take an interest in Eastern cultures suggest that there should be other purposes for the organization's existence. Profitability is a performance requirement for all businesses, but it is not a purpose (Senge, 2006). In China, enterprises expand their scale unceasingly and gain the maximum of profit to enhance competitive advantage by merger, patent protection, and business secrets, especially in today's fiercely competitive market environment (Li et al., 2011). Studies (Ven & Graafland, 2006) show that there is no significant relationship between management strategy and moral view on CSR. More and more people are inquiring whether entrepreneurs give for the act's own sake or for some

other, more cynical, purpose. It is not uncommon to see the abandonment of any pretention toward CSR.

Conclusion

During this period of transition managers need to investigate the dynamic of intellectual life of enterprises to cope with the change. In addition, as the organization is a thought system and the reality of man is his thought, academic endeavor needs to undertake study of managers' intellectuality. The traditional, social, and cultural knowledge foundations have to be re-examined. The reasoning and pattern of behavior are the emanation of this intellectual foundation, interconnecting with each other in a complex and dynamic manner. Thus, the current study seeks to describe the manager's intellectual framework through six main themes and eighteen elements derived from management and organizational studies. These themes and the elements are the content of the intellectual framework. They constitute the frame itself. They are the foundation which gives rise to the intellectual substance. However, this list is by no means exhaustive. They might not be seen in its direct form in the field work. Though in its essence they are from the themes and the elements mentioned above, they would manifest as conversations, values claimed, manners, or overt behaviors. In a small group or collectively, these themes and the elements will result a structure or behavior. It does not set out to provide the definitive answer for management, but seeks a new perspective for examining organization and for managers to see themselves in a more holistic way. The following are some examples of the deepest sources and managerial behavior. All these deepest sources are either materially or spiritually inclined. Those managerial behaviors on the right are emanations of the deepest sources on the left (see Table 2.5).

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Table 2.5 The Deepest Sources and Managerial Behavior

Themes	The deepest sources	Managerial behavior
The nature of man	The self-interested *homo economicus*	Extrinsic incentives
	Self-actualization: Maslow (1954) and Argyris (1964)	Downsizing and restructuring
	Xunzi: human nature is innately evil	The war for talent and talent management
		Conflict between shareholders and managers
		Managers prefer insiders before outsiders
	The Hawthorne studies the social needs of the human	Try to behave in the way that conducive to building relationships of trust
	McGregor (1960): Theory X and Theory Y	
	Theory Z: a more humanized, holistic view of the organization	
	Theory M: the Chinese way of management	
The purpose of life	Individualism and materialism	A feeling of insecurity about their financial position
	Dao (the way of life)	To display *ren* in a company (benevolence or humanism)
	Learning to be *junzi* (superior person) and acting as a *junzi*	To transform themselves to be a high quality (*suzhi*) person
Human relationships	Newtonian thinking：the competitive individual, or the supremacy of individualism(Hofstede, 2001)	Extrinsic motivation
	A living system：a great thought (Bohm, 1994；Capra, 1983；Lincoln, 1985；Mintzberg, 2009)	To maintain and strengthen organizational harmony
	The principle of moderation (*zhongyong*)	Managers themselves try to keep a balance between strictness and weakness.
	The Confucian system emphasizes the value of harmony (*he*)	The harmony of the organization is closely associated with its senior managers
		To preserve the face of their superiors
		Good employees are those who obey what they are told (*tinghua*)
		Managers to have a social circle (*quanzi*)
		The appraisal systems are directed towards group results
Human activities	Being, doing, being-in-Becoming	Middle way management
	Harmony has to be maintained between human and nature (*tianrenheyi*)	To pray for success
	Heaven, earth, and human all in their proper place	The ability to reach a harmonious relationship with others
		Managers favor solutions making use of compromise and avoidance
	The *dao*	Modest way of communication
	The attitude of *wuwei* (nonaction)	Maintain self-control, who embody perfect calm (*xinping qihe*)
Privacy	In collectivist societies, space is initially defined as communal and shared, to maintain harmony (Hall, 1966)	Employees who continually disagree with others are the ones at fault

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	Personal matters (*yinsi*) are shameful in China	To preserve the face of their superiors
	The Chinese are afraid of losing face (*zhongguoren aimianzi*)	Silence is often considered as the safest course in the management setting
	One should never reveal one's thoughts or feelings (*bugouyanxiao*)	
	Networking beyond the family (*guanxi*) relies upon establishing trust	Favoring insiders over outsiders in selection and partnership
	The mouth as the fount of misfortune (*huocongkouchu*)	
	Individual interests being subordinate to family interests in China	
Freedom	China needs national freedom rather than individual freedom	Desire close, highly directive supervision requiring them to demonstrate little initiative
	Chinese people are viewed as inseparable from their relationships with others	Improper behavior will bring into question the subordinate's loyalty and commitment to the leader
	Fulfillment is to be found in the performance of one's social roles and obligations	Subordinates expect the manager to take the initiative, make the decisions and take action
		Unquestioned demonstration of respect for and unquestioned obedience to one's leader
Power	High in power distance (Hofstede, 1980)	Subordinates expect to be told what to do rather than to be consulted
	Parents teach their children obedience and expect to be treated with respect	Obedient followers
	The principle of *wulun* (the five cardinal relationships)	The hierarchical, top-down structure of command
		The junior expecting more directive and controlling supervision
		Superiors have less intention to delegate responsibility downwards (Tang & Ward, 2003)
		The exchange of power for sex ("trading in power and sex," *quansejiaoyi*), or for money, or "trading in power and money" (*quanqianjiaoyi*)
	Zhongyong (moderation)	Combining flexibility with firmness, mercy with justice, and leniency with severity. Leaders win the loyalty of their followers and peers
Family life and work	Respect parents, glorify family	Size of company: to stay small
	Chinese classics: *wulun*, *yin* (the female) and *yang* (the male), filial piety, the conception of *jia* (family);	Good employee behaves in accordance with superiors (*tinghua*)
	Administration of family affairs; belonging;	Key management positions: family members, relatives, friends, schoolmates
	Living and getting along well (*guodehao*);	Family ties mediates control and coordination
	Providing family with material support; taking responsibilities	Taking care of a client (*peikehu*) and business entertaining (*yingchou*)
Justice	Manipulation and partisanship are likely to deflect the decision-making process	Owners don't adopt profit sharing
		Followers obeying superiors

		Centralization, owners are the decision-makers
		Incentives focus more executive compensation
		Employee seems less likely to share motivation
The nature of reality and truth	Relativism assumes that the most fundamental concepts must be understood relative to a specific conceptual scheme	The appraisal system can hardly be objective
	"The existence of a double standard of any kind" Smith (1897)	Tend to make adaptable decisions
		To avoid open debate requiring direct confrontation
		To rely on superiors and the group for guidance in dealing with the unexpected
		It is difficult to introduce normative decision analysis
		Individuals tend to avoid making decisions and would like to submit them to public scrutiny
		Employees are taught to be modest and there is less value placed on promoting a questioning attitude
The relation between religion and science	Analytic observation is the dominant source of knowledge	Thin, superficial, and immoral organizations (Mintzberg, 1989)
	Scientific materialism categorically rejected the notion of religion as a system of knowledge	Organizational leaders tend to avoid responsibility
	Chinese people have no beliefs	
	China is a country of polytheism, pantheism, and atheism	Increasing numbers of new-generation organizations and managers are involved in the initiatives of philanthropy and civil society
	A middle way of thinking	The core value of benevolence helps managers to build some important norms and rites in the organizational culture
The role of technology in the future of humanity	Stable paradigms produce and are then supported by technologies	Management information systems, program planning and budget systems, management by objectives, program evaluation and review techniques, future studies techniques, marketing survey and needs assessment techniques, and convergence techniques are all used in assisting management decisions, resource allocation, performance monitoring and assessment, customer services, goal formulation, and opportunity seeking
The evolution of humanity	Rationality, the capability of dominating nature	Managers worry about the working capital and the prospect of future development
	A cyclical concept of time	
	Periods of great regeneration in its history	
World economy	Resources are unlimited	Taking the shortcut
	Neglect of externalities: an enterprise that can operate without regard to or concern for wider issues.	Collusion between officials and entrepreneurs for the sake of illegal profit (*guanshang goujie*)
	Becoming richer and stronger	

	The Cat Theory	
	Instrumental rationality	
The meaning and purpose of education	Dehumanization	Fulfilling the production quota rather than making quality goods
	People are not educated in the sense that they can reflect the knowledge in their own work or development, their own personality	Good employees but lack the skills to survive in the world of business
	Professionalism is used to concentrate power over the learning process in the hands of the teacher instead of the student	Put forward a negative impression of educated people
	Education for quality	To be seeking "high-quality talent"
	Producing little more than meek, obedient test takers	Good employees are seen as those who heed what they are told (*ting hua*) and are able to learn to control their aggressive expression and to show modest and appropriate behavior
Metaphor or organization	Adam Smith's economic human, Max Weber's bureaucratic theory, and Taylor and Fayol's scientific management	A minimum of local initiative or local responsibility
		The leader of an organization should never let his followers know what he is thinking
	Social needs (Mayo, 1933; Mintzberg, 1989; Schein, 2004)	A gentle and middle-way leadership style
	A living being, with human spirit, energy, or ideology	Encouraging autonomy, understanding their mission, knowing the people they serve, and exciting the ones they employ; they should be encouraging deep knowledge, healthy competition, and authentic social responsibility.
Mission and strategy	The organization is a dynamic network	The maintenance of good relationships with the major stakeholders
Organizational goal	The notion of a rational organization	Achieving results measured in financial terms, by focusing on economic performance and sacrificing long-term benefits
		The obsession with the bottom line and the absurd notion of managing "shareholder value"
		The financial reporting system may actually inhibit social responsiveness (Ackerman 1975)
		Gain the maximum of profit to enhance competitive advantage by merger, patent protection, and business secrets

CHAPTER 3 RESEARCH METHODOLOGY AND DESIGN

3.1 Introduction

From December 2014 to December 2015, the fieldwork for this study was conducted in Quanzhou city and several Quanzhou counties. In-depth interviews were conducted with 50 managers from companies with different backgrounds. Data was also collected from participant observation by attending banquets, teahouse gatherings, seminars, and outdoor activities. In general, both quantitative and qualitative research provide theoretical explanations for the reality of relations in management and organizational studies. Quantitative inquiry takes the position that a theory is based on the correlation between variables. Qualitative inquiry takes a more consultative position in the process of exploring the reality of relations. By adopting an ethnographical approach and spending a long time on the fieldwork, the researcher becomes a part of the community to be studied. Data is collected in a manner whereby informants and the researcher are generating knowledge collaboratively. However, qualitative inquiry is subject to the criticism that the researcher tends to be preoccupied with certain concepts while interpreting the phenomenon. The researcher's preconceptions and assumed theoretical framework guide the fieldwork and have an impact on the findings. In the present study, measures taken to reduce this bias will be explained.

This chapter includes four sections that explain the methodology of qualitative inquiry and how I conducted the fieldwork, including ontological and epistemological considerations, research design, research methods, and the reality of fieldwork.

3.2 Ontology of Manager's Intellectual Framework

Ontology is the study of being and what it means to say that something "is" or "exists". Ontology specifically concerns itself with the most fundamental questions about the nature of existence. Social researchers have different ontological beliefs, values, or paradigms (Kuhn, 1970). Normally, the relations between ontology, epistemology, and methodology are quite consistent. For example, a researcher holding the view that "there is an external world out there" would most likely adopt a particular scientific method that is also based on the belief that knowledge can be acquired through independent observation.

There are at least two popular paradigms in the literature regarding the existence of the external world (Bernstein, 1983; Popper, 1935). Objectivists believe that there is a firm foundation or a fixed categorical scheme for the external world. Relativists have challenged such claims and have argued that what is supposed to be fixed, eternal, ultimate, necessary or indubitable is open to doubt or questioning (Kluge, 2005). The purpose of this study is to investigate the "being" of the managers' intellectuality, or the reality of managers' intellectual foundation, reasoning, and pattern of behavior. It rejects the certainty of objectivism and the arbitrariness of relativism, believing that being and doing together shape the researcher's understanding (Bernstein, 1983).

Davis (1971) posits that theories in social science that are interesting and able to engage the attention of their audience of experts and practitioners are most likely to attain great status. Kuhn (1970) also points out the importance of theoretical consensus in building a particular theory, not just when the theory is true. Therefore, on the one hand, the researcher takes the view that the goal of this investigation is to capture the attention of scholars and managers rather than creating a true theory, based on the premise that what he understands about the world shapes who he is and what he does.

On the other hand, organization does possess real essence and not all phenomena can be fully grasped by the human mind (Bohm, 1994). The notion of discovering realities suggests that they exist independently of the observer. Hence the researcher's understanding of the intellectual framework is not entirely a human construct. However, the researcher perceives the reality of organizational phenomena and at the same time interprets them, eventually reflecting some aspects of the essence of existence (Kluge, 2005).

In this study, the researcher takes the position that the process of investigation into the managers' intellectual framework can never achieve a level of finality. As human beings have the tendency to seek understanding, "to be" is to be receptive and expressive of the absolute essence (i.e., "to be in the act of becoming"). Being in the act of becoming means the researcher reflects consciously the signs of absolute essence of organizations, interpreting these signs in light of his anticipatory prejudgment. These prejudgments are themselves changing in the course of history. Hence to understand is always to understand differently (Gadamer, 2004). During the process of inquiry, the researcher seeks to genuinely improve, and progressively attempts to attain more adequate and more true knowledge of the phenomenon being studied (Kluge, 2005).

It is important that the research method used is consistent with such ontological assumptions. Inquiry that is qualitative in nature will be adopted for this investigation because it focuses on the complex and dynamic nature of the organization, providing a new perspective for examining the organization through actively interacting with the particular phenomena. Qualitative inquiry is not aimed at providing definitive solutions to a community of practitioners (Kuhn, 1970). Ambiguity will be allowed in

such a process of knowledge co-construction, as it is not setting out to generalize a certain theory, or to falsify existing theories.

Management scholars have different ontological assumptions that have been evolved in this way—from Taylor's time and motion studies, to the human relations school, strategic planning, and then contingency theorists. According to Drucker (1994), the root cause of organizational crises occur when the assumptions and beliefs on which the organization has been built and is being run no longer fit reality. To Porter (1980), effectiveness resides in strategic analysis, while to Peters (1993), it is the operations that count. Mintzberg (1991) describes an organization as forces and forms. There is no best way, he argues: organizations must build their own structure, using established forms and combining them. Others would argue that it might be a mistake to reify the organization in this way. However, each interpretation itself is a part of collective investigation into the reality of the organization, with a unique contribution to the development of organizational study.

An organization could be a learning system (Senge, 2006) or a thought system (Bohm, 1994), could be disciplined by its culture and leadership (Schein, 2004), or could live longer with its spiritual capital (Zohar, 2004). Bohm (1994) suggested that the organization is entirely organized by its thought system. Everything is inside this system. No matter what kinds of element that are constituting such a system, the organization is about thought, and such thought participates actively in management behavior. The justification and ontological assumption of this study is that the reality of the human is his thoughts.

Although Bohm (1994) posited that everything belongs to this system, he didn't make clear the constituents and the dynamic nature of this thought in the organizational

setting. The attempt of this study is to clarify the elements and the nature of interconnection among them. The following table compares the ontological assumptions of this study with those of previous management and organizational studies (see Table 3.1).

Table 3.1: Ontological Assumptions of This Study

Themes	Views and perceptions	This study
Managing	- Scientific management, time and motion (Fayol, 1949, Taylor, 1881)	*Sympathetic to Bohm's theory*
	- The human relations school (Mayo, 1945; Homans, 1950; Roethlisberger & Dickson, 1939)	The reality of an organization: a thought system
	- Strategic planning （Ducker, 1993)	The reality of individual managers: the structure of consciousness, the cognitive aspects, or the system of thought (i.e., the intellectual framework)
	- Contingency theory (Burns & Stalker, 1960; Lawrence & Lorsch, 1960)	
	- Strategic analysis (Porter, 1980)	
	- The operations (Peters, 1993)	
	- Forces and forms (Mintzberg, 1991)	
	- A learning system (Senge, 2006)	
	- Culture and leadership (Schein, 2004)	
	- Command chain (Weber, 1947)	
	- Value chain (Porte, 1985)	
	- The assumptions; assumptions of mission, environment and capacity, human nature (Drucker, 1994)	
	- Spiritual capital (Zohar, 2004)	
	- Execution (Welch, 2005)	
	- A thought system (Bohm, 1994)	

This study assumes that the managers' intellectual framework will have its fundamental effects on the organizational act. As argued by Schein (2004) and Mintzberg (1989), the organizational evolution is constructed by the basic assumptions, beliefs, values, and behaviors of its members, especially senior managers or founders. Ontologically, this study seeks to offer a new perspective for researchers and practitioners to examine organizations.

This study aims to investigate the intellectual life of a specific community. The mission is to describe and interpret the essential relations in the organization, which scholars define as frame, framing, or framework. The relation among different levels of elements within the thought structure is a dynamic and complex one. Driven by the intellectual foundation, there is a reasoning, narrative, or story that shapes management behavior and practice. In management and organizational research, few studies have addressed this issue. For example, such a framework interprets relations between men and women, or superior and subordinate. The beliefs, knowledge, understanding, and interpretation of the relation between men and women will emanate as certain behavior. If relations within an organization are mainly determined by power, this will become the narrative and emanate as manipulating behavior.

In this study, I would use such elements to define, interpret, and structure the essential relations, with the aim of conveying the idea in a more comprehensive way. It is also a simplified way of communication. As reality is very complicated and dynamic by its nature, ontologically it is difficult to fully understand through human knowledge. It is reasonable if other people do not agree on this definition, as this is just the assumption or the fundamental belief of the current study, which becomes a starting point for reading into intellectuality. Above all, this study takes the same assumption as Bohm's ideas on organization, but attempts to use a new angle in looking at organization.

3.3 Epistemology of Manager's Intellectual Framework

Epistemology is the study of the nature and generation of knowledge, answering such questions as: What is the definition of knowledge? Is there a foundation on which knowledge rests? What is the nature of the knower? What is the nature of that which

is known? What is the relationship between the two? It is about what we can know and the methods by which we can know it (Smith & Karlberg, 2009).

In the realm of social science, there has been an opposition between vertical and horizontal approaches to knowledge (Bernstein, 1983). According to Bernstein, vertical approaches hold that there exists an external world whose properties are independent of humanity as a whole. Through scientific methods, human beings can obtain reliable knowledge of external physical laws. This school seeks certainty, absolute truth, and a pure phenomenon. By contrast, horizontal knowledge structures are not unitary but plural; they consist of a series of concepts, including not only sociology and the humanities but logic and mathematics. Through the introduction of a new knowledge, horizontal knowledge constructs fresh perspectives.

The study on intellectual framework assumes that there is no objective observer, as an observer needs to be interacting with what is being observed. The researcher might be able to acquire knowledge of the emanating aspects of the foundation of an organization's intellectual life, that is, its patterns, attributes, qualities, and properties. Because of the researcher's presuppositions, nature, and inner condition, there are divergent and perceptual frameworks and epistemic interpretations, revealing different aspects of the same phenomenon. For example, Bohm (1994) sought to explore the roots of the problem of fragmentation in organizations, whereas Weick (1995) posited that there is a fundamental framework for organizational members. Both of them would admit that their understanding should be consulted and would be able to contribute to the process of collective investigation into the reality of organization. Management and organizational researchers would also encourage managers to take an active role in generating knowledge (Macy, 1991).

Although human knowledge of organizational phenomena is socially mediated, this does not mean that all fundamental attitudes yield equally valid insights regarding a particular phenomenon (Smith & Karlberg, 2009). The essence of organization is, however, beyond the understanding of the human being. The intellectuality exists in the manager's personal life and is manifested in the collective life of the organization. This investigation is concerned with how managerial intellectual foundation are created and, in turn, are influenced by organizational dimensions such as structures, reward systems, measurement practices, and selection processes, which are in themselves materially produced through explicit or implicit theories of managers.

The researcher has to interpret this specific phenomenon just mentioned. The questions before him include at least: is this framework a coherent or fragmented one? Are there any frameworks that are more coherent? Can it be measured and if so, how to measure it? How is this intellectual framework formed and manifested? Do different frameworks have different effectiveness?

The study is a process of inquiry that calls for interacting with the organizational phenomena (Bernstein, 1983). As Weick (1995) pointed out, knowledge can be acquired through a learning, interacting, and improvising process. Interviews (Agar, 1996; Gephart, 1991), observations (Geertz, 1973), narratives, and stories (Jameson, 1985; Bruner, 1990) are valuable as they are fundamental ways through which people understand the world. They can be used to communicate and create understanding between the researcher and informants. The researcher can access the tacit message conveyed by informants' personal stories and behaviors about their life and working experience. The fundamental assumptions, beliefs, values, and attitudes thus can be explored and recorded.

3.4 Ethnographic Design

Ethnos means a people or cultural group, and graphic means a clear, detailed, and impressive description (Glesne, 2011). Ethnography is described as fieldwork by sociologists from the University of Chicago (Tesch, 1990). The basic premise of fieldwork is the learning of how people think about the world by attending to how they talk about it. Ethnography opens new doors, providing an instrument for studying other human beings and their societies (Powdermaker, 1967). Terms that occur in conjunction with such work include anthropologist, ethnographic, interpretivist, qualitative, participation-observation, in-depth interviewing, and so on (Glesne, 2011).

Creswell (1998) suggested that qualitative inquiry is best at contributing to a greater understanding of perspectives, cognition, and processes. This researcher took the view that the intellectual framework has high complexity in that it consists of assumptions, views, and approaches, and is affected by various factors such as traditions, cultures, education, and family. Inspired by Agar (1996), this researcher tried to learn the interrelationships of key elements of those main themes within the managers' intellectual framework among a selected group of managers, rather than looking at the distribution of a few predefined variables in a large population of managers.

Such elements within the managers' intellectual framework are interdependent, interrelated, and emergent when there are large intellectual variability and unpredictable, nonlinear changes in its forming processes (Kluge, 2006; Schein, 2004; Weick, 1995). Interactions among these elements happened in many different situations besides a one-on-one isolated talk. The interest of the researcher was in learning what the significant details of elements within the managers' intellectual framework were and how they were connected. Such knowledge has to be acquired

through elaborating, probing, or "thick description" (i.e., in-depth, long-term interactions) (Geertz, 1973). The process began with an exploratory and open mindset (i.e. everything was negotiable), which is a different paradigm from a Likert-type item, where the social scientist defines a question and asks the informant to respond on a seven-point scale (Agar, 1996).

Most ethnographers use a blend of interview and observation to explore an implicit culture and obtain a grounded theory (Strauss & Corbin, 1998). A major way to learn those meanings, especially in the early stages of ethnography, is to ask people what they are about, getting clarifications, probing into issues, and seeking the managers' perceptions of their lives in general (Agar, 1996). Ethnographic interviews inform the researcher's understanding of complex organizations and human behaviors, and assist him to obtain deeper insights into managers' intellectual foundation. The stories of organizations, as suggested by Gephart (1991), are another way for the researcher to understand the reason behind the visible behavior of organizations.

Participant observation means the researcher being directly involved in organizational life, observing and talking with managers, and learning from them about their view of reality. As Geertz (1973) points out, when one is going to understand a phenomenon, observations on what practitioners are doing is the first step. The fieldwork is to make sense of the interactions of patterns, action, and artifacts, being there for insight rather than proof (i.e., seeking a sense of managers' behavior) (Mintzberg, 2009). For example, a glimpse of some artifacts helped in understanding some deepest sources.

Simply put, the researcher just went with what came up and seemed interesting—and this led to a good deal of revealing discussion. Observations and interviews mutually

interacted with each other, either simultaneously or sequentially, in the course of doing ethnography: some ideas from observation to be followed up with interviews; some observations questions to follow up that came from interviews; or some things researcher had noticed that he wanted to be sure to get to eventually (Glesne, 2011).

However, Glesne (2011) argued that the limitation of ethnography is its emergent nature and the lack of standardization. It is too easy to interpret informant's statements into the researcher's own framework, missing the fact that the informant's framework that produces the statement is quite different (Agar, 1996). Time is always a limitation for a qualitative research project, which requires long-term interaction and exploring grounded theories. As Mintzberg (2009) put it, even a year may be insufficient to get into the mind of a strategist. For this study, when saturation was reached and there seemed to be no new stories to be added to the researcher's database, it was time to leave the field.

3.5 Research Design

3.5.1 Guideline for Research Questions

In order to understand what was causing the pattern of behavior I was observing, I needed to know things that were happening in management setting. For example, managers' decision making, selection procedures, compensation schemes, communication and negotiation, employees motivation, organizational structure, successions, meetings, risk management, strategy, and marketing were events recurring in managers' intellectual life. Hence, the fieldwork mainly included participant observations, semi-structured, and in-depth interviews to explore the foundation of these activities. Data was also collected from activities such as banquets,

teahouse gatherings, outdoor activities, or attending seminars with informants. An interview guideline was designed (Appendix 1).

In December 2014, the researcher conducted 20 interviews, and then, modified and enriched this guideline. In December 2014 I brought many themes. Based on the understanding that the interview guide is to extract models or infer meanings by focusing on patterns of expression (Schneiberg & Clemens, 2006), I returned to Quanzhou in the following summer. This time the conversations were based on the adjusted guideline and focused on several topics, just following the naturally flowing of conversations between the researcher and informants. The concern was how to bring out the main themes. I tried to focus on one or two topics, such as money and IPO, and tried to relate to the overall framework of dimensions.

3.5.2 The Emergence of the Ethnographic Study

As the topic relates to intellectual and cognitive aspect, which is happening inside people's head or brain. The challenge was how the researcher took out and represented their thoughts. A qualitative study, through intensive conversations and observation, enabled the researcher to bring out managers' conscious, thinking, or mind. Ethnography takes out the 'deepest sources' and the thoughts hidden in the framework. Also, participant observation and interviews are considered to be effective ways and often used in management studies.

The philosophy here is that when ethnographers use methods through which they immerse themselves in a context, they are better able to infer from words, expressions, and observations (Meyer, Ho˙llerer, Jancsary, & Van Leeuwen, 2013). The ethnographical study provided the researcher with an opportunity to investigate the intellectual life of a community in Quanzhou city, where he had lived a life in his youth

age. I am not totally unfamiliar with this place. On the other hand, during the past years, I didn't have a chance to live in this city, interacting with the local entrepreneurs. Hence it is new for me. But now, in the fieldwork of this study, I have had the opportunity to immerse myself again into this place.

3.5.3 The Ethnographic Study Process

In one sense, this thesis has been an attempt to take stock of the current literature while further advancing and invigorating research into the role of intellectual framework across the different levels of analysis in management and organizational studies. The focus is on the effects of an intellectual foundation in structuring expectations and cueing behavioral responses. This is useful for explaining how the deepest sources may impinge on managers, and may script their behavior, and how such foundations are established in the first place.

Qualitative inquiry can be liken to maps or guides, leading the researcher's fieldwork and theory building—or learning to paint, which is a process of careful and diligent search (Glesne, 2011). Powdermaker (1967) suggested that an over-commitment to a particular hypothesis, seeking precision and logical reasoning, may prevent the researcher from learning. Hence a particular organizational phenomenon is considered as emergent and filled with multiple, often conflicting meanings and interpretations that require the engagement of both the researcher and informants. As argued by Glesne (2011), the paradigm of qualitative inquiry is loosely defined, contingent, and focusing on immediate context, interacting, and looking for patterns.

Although the researcher tried to understand the intellectual framework because there existed a gap in the literature, the process also followed matters arising that happened unexpectedly, and that made the researcher surprised, puzzled, or anxious. Those

feelings were trustworthy as they were a solid clue that the researcher's framework might be partially in error (Weick & Sutcliffe, 2007). In the early part of desk-work the researcher identified six main themes from the literature for the investigation, with a written list of questions. However, he was not following those questions strictly, rather he had a set of question-asking strategies from which he drew as the moment seemed appropriate.

It was assumed that there is no formula for studying humans and their lives. Starting with informants' descriptions of situations, the researcher began to learn what sort of situations existed and how they were interpreted. The researcher was not taking on the formal role of interrogator (Agar, 1996). The 'job' of the researcher was to listen to managers' stories, and to interpret and retell the accounts. Through observing the company's artifacts, or asking managers questions, the researcher interpreted managers' perspectives, pointed out some significance or meaning, and inspired managers to perceive, believe, or act in different way (Glesne, 2011). Research questions started with how and what, and eventually the main themes emerged, and it became obvious as to whether they were consistent with the elements in the reference framework, or having occurred by chance and accident.

Schein (2004) and Giddens (1984) pointed out that the findings of social science cannot be kept wholly separate from the universe of meaning and action that they are about. The stance of "experience near" (Agar, 1996) or "thick description" (Geertz, 1973) was adopted rather than "fly on the wall" (Golden-Biddle, & Locke, 1993) or testing predefined variables. Such an intention described and probed the motives and meanings of action (Denzin, 1989). Goals of inquiry were focused on gaining insight into what was going on in the managers' intellectual life and why this was happening, or answering some question that previous research had not adequately addressed

(Maxwell, 2005). The investigation aimed to describe and interpret how theories shape managers' intellectual foundation and also how managers create, change, or penetrate the organizational policies that exist. There are some conceptual frameworks for designing qualitative inquiry, such as 5W1H, whereby the researcher analyzes the process of events by using "when, where, why, who, how, and with what consequences" (Agar, 1996; Strauss & Corbin, 1998).

Ethnographic study seeks to develop theory that is grounded in data, including data sampling, coding, categorizing, and comparing, in order to generate theory about social phenomena (Glesne, 1996; Strauss, 1987). Mainly through interviews and participant observations, the researcher collected data on the research topic, analyzed those data for conceptual categories, linked the categories into a tentative theory, and then collected more data to see how the theory fitted. To understand an organizational phenomenon, the researcher had to learn to think, see, feel, and sometimes acted as a member of organizational culture and at the same time as a trained fieldworker. Such a practice, to act both as a researcher and a trained fieldworker, is both an art and science (Powdermaker, 1967).

Qualitative inquiry can be found in management studies. For example, Drucker (1946) studied General Motors by working there for 18 months as a consultant of the company. Schein (2004) introduced clinical research to his culture and leadership study. Mintzberg (2009) observed managers in their office and other work sites. In this study, informants were composed of managers in entrepreneurial companies in Quanzhou. One of the goals in this study was to discover a grounded theory of intellectual framework in Quanzhou. The research questions were mainly aimed to determine the elements of intellectual framework, their relationships to each other, and how they were manifested as managerial actions. Managers in Quanzhou are not fully

representative of China, so the finding of this study is directly relevant only to this city. Indirectly, however, the results reveal important elements of intellectual framework that are likely to occur for managers in other regions of China.

3.5.4 Overall Approach and Rationale

A total of six themes and eighteen elements that could potentially be relevant to the intellectual framework had been identified from the literature and an interview question guideline had been developed. The questions were based on an overview of literature that is related to characteristics of the manager's intellectual framework. At the beginning stage, there were relatively informal interviews and conversations. The question guidelines were then modified and enriched as the fieldwork progresses. Gradually, the question guidelines were developed for formal interviews and participant observations. The formal interviews were focused on six main themes of the intellectual framework. The informal interviews, conversations, and participant observation attempted to support and clarify understanding.

The questions were designed in a general and open manner and informants were able to respond openly and truly in accordance with their personal life and working experience. Sample questions are: Could you please describe a typical day of your life, your mood, and particular aspects you put your efforts into? Does the company cultivate an atmosphere conducive to free expression of ideas or opinions? Are employees good at speaking out about their opinions, feelings, or affect? What are the criteria of a good or bad superior (subordinate)? Although informants described their assumptions, beliefs, views, values, and approaches in a different way, some similarities and predictable patterns emerged eventually through the process of co-construction of knowledge between the researcher and the informants.

3.5.5 Site or Population Selection

This study targets Quanzhou, one of the major cities and economic powerhouses in Fujian province, PRC. Fujian merchants (*minshang*) are famous for their hospitality, economy, and centeredness on family. After China's reform and opening door policy, entrepreneurial Quanzhou has a strong business atmosphere. It is one of the most active economic zones in modern China. It had 93 listed companies by the end of 2014 (source: People's Daily Online).

Quanzhou is renowned for its traditional industries, especially footwear and clothing. At the time of field work, the government of China was talking about the whole nation becoming entrepreneurial, with an emphasis on innovation. So naturally, the idea is for the traditional industry to innovate its way into a new industry. The challenge is what has to happen before people are able to do this. Meeting this challenge will require, not least, some deep investigation into their intellectual foundation which animates their actions. The main idea is how to transform the traditional industries, to get out of trouble and rise from obscurity. Of course, this is not just a problem facing Quanzhou; similar issues affect areas like Pearl Delta, Wenzhou, or some other second-tier cities.

Entrepreneurial companies were selected for the investigation. As Mintzberg (1989) argued, entrepreneurial companies are innovative, risk taking and open-minded. Entrepreneurial organizations are centralized around the founder or owner. Ouchi (1981) suggested that in the early years of a young company, the elements of the organization policies almost certainly exist in the predispositions of the founder, whether or not he or she acknowledges them. The founder tends to select associates who hold assumptions, beliefs and approaches similar to his or her own. The

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assumptions, beliefs and approaches of one or a few individuals then become embedded in the incentive, reward, and control systems of the organization (Schein, 2004). Mintzberg (2009) found that the form of organization that presents in the firm is the most prominent factor in managing, but too little literature has shed light on this aspect.

The firms selected were not limited to any particular industry. Fifty managers in companies from various background were interviewed. This number was judged suitable for the researcher, who has working experience as a manager, enabling the interviews to be conducted in a more effective way. In order to investigate the dynamic of the enterprise's intellectual life in a holistic manner, different sizes of firms were chosen, ranging from less than 100 employees to more than 10,000 employees. Preferably, the companies were the older rather than the newer breeds, as a company needs some time to develop its own style of thought (Douglas, 1986; Schein, 2004). A manager as defined by this study is someone who is responsible for a whole organization or some identifiable part of it (Mintzberg, 2009).

Glesne (2011) stated that when a researcher is already familiar with a culture or group, the researcher's angles of vision are narrowed by preconditions about what is going on. By contrast, moving into a new culture is easier, as the researcher is not bound up in presuppositions, and social and traditional conditions. Although Quanzhou is the researcher's hometown, most of his life has been spent studying and working in other cities. In this way, the setting is new for him. However, neither is the researcher completely an outsider. It is convenient for him to access the "the native's point of view" (Geertz, 1984) with his early life experience.

3.5.6 The Planned Procedure for Data Collecting

Through formal and informal means, the researcher located and obtained access to informants. Formal means included invitation letters, emails, or phone calls. Using informal means, contact were made with informants via family members, friends, teachers, colleagues, and classmates. Data collection also adopted formal and informal approaches. Formal ethnographic interviews were conducted in coffee shops or anywhere the interviewee prefers. The interview was a friendly conversation. The data collected from formal interviewing were supported by informal interviews and participant observation.

The interviews were semi-structured and an interview guide was used to lead the interview and ensure that key topics are covered. The object of study lay between the respondent and the researcher, and they consider it "objectively" together (Sjoberg & Nett, 1968). This researcher has former industrial working experience and has some knowledge of business in this part of the world. He was a previous practitioner and is a practicing consultant. Now he is also an active researcher. During the conversation and interviews, he had prepared himself to talk as little as possible, but as much as necessary. Informants were expected to express their views freely. All interviews were tape-recorded and detailed notes were made during the interviews.

The data collected through tape recording were then transferred into typed draft notes. After each interview was studied, a summary of the key points was drawn up. There were field notes for every formal ethnographic interview, participant observation, and informal interview. Field notes are the record of a researcher's observations, analysis, interpretations, and suggestions for future data collection (Agar, 1996). Summary and interview transcripts were analyzed and used to describe and interpret the managers' intellectual framework. The researcher centered informal interviews, conversations, and observations on the six themes of the intellectual framework. When something

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interesting appeared, it was noted without losing the focus of the themes currently under consideration (Agar, 1996).

Data analysis included domain analysis, taxonomic analysis, and componential analysis. The software was used as supplementary tool for data indexing, data managing, and data interpreting. Also typed texts were used in the initial stage of fieldwork. The goal was to transcribe tapes completely. Later, selective transcriptions were thought to be adequate, but at the beginning, the researcher laid out the entire stretch of talk to see what is there. He immersed himself in the details so as to get a sense of the discourse as a whole (Agar, 1996).

Categories emerged from the way informants talk. The six main themes were compared with these categories. The researcher took a pencil and went through the transcripts, marking off stretches of talk that are coherent because they focus on the same topic. This was done as part of the research, as it taught the researcher some important things about the pattern that underlies the talk. Each group of talk was then read to check for consistency.

3.6 Validation

Ethnography does not try to give a definitive answer, or to generalize a theory. Compared with surveys and experiments, qualitative inquiry takes a closer view on the phenomenon being studied. The researcher immersed himself in the setting. As an anthropologist, the researcher tried, as far as possible, to make no change in the society he studied, being a "natural" observer and recorder (Powdermaker, 1967).

However, as qualitative inquiry is the local description and explanation of a certain situation, there might be problems including its comprehensiveness and how adequately it will reflect the reality of the organizational phenomenon being studied.

Also, whether the perspective taken by the researcher is native or scholarly, and whether the positioning of the researcher is involvement or detachment, have a big impact on validation of the fieldwork (Powdermaker, 1967).

Further, an effective field worker learns about himself as well as about the people he studies. As Powdermaker (1967) argued, all classes, all human groups, have their narratives: a narrative is like life itself with man's fallibility in all respects. Eisenberg (1984) posits that all stories are constructed purposefully, which might not be accurate. All meanings are at least partly constructed by observers and participants and hence multiple interpretations are unavoidable in organizations and other social systems. It is thus as impossible to be totally objective towards one's self as towards the people one studies. However, these stories are often all we have in order to explain behavior (Wilkins & Thompson, 1991). As fallibility is a normal part of human interaction, Agar (1996) suggested, the problem is to understand it, not to pretend that it doesn't happen, and then to include in the methodology some procedures for dealing with it.

To improve its validity the research had well-thought-out strategies. For example, good practices were instituted in the major stages such as research design, data collection, and writing analytic memos and the final report. Prolonging the engagement in interviews and observation was also beneficial. Triangulation by using ethnographic interviews, informal interviews, stories, document analysis, and participant observations reduced misunderstanding and distortion. I looked for consistency among different sources. Also, showing field notes to informants for checking the correctness of data collected was also a vital part of fieldwork.

3.7 The Research Reality

Qualitative inquiry produces theory through interacting with the community. This way of generating knowledge engages managers in the process of consultation and conversation, to investigate the reality of their intellectual life here in their region. Due to the dynamic nature of this subject, it is meaningful to further analyze the process of inquiry in a rational and careful manner. Hence, this section will describe the reality of the fieldwork, and reflect on some of its challenges.

3.7.1 Data Preparation

Data plays a vital role in the fieldwork, and it includes the detailed information of observations, conversations, and interpretations (Agar, 1996). The research for this study consisted of in-depth interviews with 50 managers as well as participant observation conducted in these managers' firms and while socializing with them in banquets and teahouses. There were a total of 50 people being interviewed in the end – 20 in the pilot and 30 in the final field work. I made contact with the informants via classmates, ex-colleagues, friends, and family members. The informants are from a wide variety of backgrounds, although the majority of them hold positions as middle or senior management in private firms. These firms are of different sizes, from less than one hundred to several hundred employees, and in diverse industries such as garment, shoes, or leather manufacturing; cultural and creative products; and real estate development and sales.

All of companies selected are located in Quanzhou city. Most are in the downtown areas of Quanzhou and Jinjiang (a county-level city of Quanzhou city). Some companies are from Quangang (a district of Quanzhou city), Nanan (a county-level city of Quanzhou city), and Anxi (a county of Quanzhou city). Documentary data, newspapers, and Internet information were also collected to support the primary data.

The whole process of data collection was performed over a period of 6 months, between December 2014 and December 2015.

Ethnographic interviews

In-depth interviews allow the researcher to get clarifications, probe into issues, and seek underlying structure of thought (Agar, 1996), or to listen to the managers' stories about the reasoning which has given shape to management behavior (Gephart, 1991). As interviews are the most useful way of finding out certain aspects of the thought structure, they formed the major part of the fieldwork. I was interested in conversing with these 50 managers, with their different positions and backgrounds. Some of them are founders, owners, or family members, who are playing a dominant role in their business. Others are middle managers or senior management such as Vice President, CFO, Company Secretary, or Director of Human Resources, Finance, Law, or Operations. The majority of informants have more than ten years' experience of working in their industry (see Table 3.2). Informants' age, gender, position and company, and location of interview are also shown.

Table 3.2: Informant Pseudonyms and Background

	Pseudonym	Age	Gender	Position and company	Location of Interview
1	Kang Jing	45	Male	The CFO of a real estate company in Quanzhou	Restaurant
2	Shi Li	46	Female	The Human Resource Director of a villa developer in Quanzhou	Company
3	Liu Fang	48	Female	The CFO of a listed company, who is a senior financial affairs specialist	Company
4	Zheng Xin	42	Male	The Financial Controller of a real estate company	Company
5	Wang Xiang	45	Male	The Vice President of an auto sales company	Company and restaurant
6	Lu Hai	39	Male	The Vice President of a clothing company	Company
7	Chen Xing	72	Male	The founder and Chairman of a shipping company	Company
8	Dai Yi	45	Male	The owner of a family clothing business	Company and restaurant

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9	Chen Liang	57	Male	The Vice President of a manufacturing company	Company and restaurant
10	Guo Yi	46	Male	The founder and CEO of a private company in the truck manufacturing industry	Company
11	Li Jin	37	Male	The CFO of a pre-IPO firm	Company and restaurant
12	Wang Qi	50	Male	One of owners of a tea business	Company
13	Liu Jun	40	Male	The Vice President of a manufacturing company	Company, teahouse, and restaurant
14	Wang Zong	55	Male	The owner of a consulting company	Teahouse, and restaurant
15	Chen Jin	47	Male	The owner and Managing Director of an incense business	Company
16	Pu Duan	45	Male	The owner of a clothing company	Company
17	Zhou Hua	40	Female	Assistant Chairman in a leather company	Company, Starbucks, and restaurant
18	Chen Qi	37	Male	The President of a shipping company	Company
19	Xie Jia	42	Male	The Vice President and one of the Founders of a wedding photo company	Company, Starbucks, and restaurant
20	Yang Yi	54	Male	The Chief Financial Official of FZ	Restaurant
21	Shao Sheng	37	Male	The Managing Director of a biomedical company	Starbucks
22	Chen Chang	52	Male	The owner of a consulting company	Company
23	Ding Hua	35	Male	The Vice President of a footwear firm	Company, Starbucks, and restaurant
24	Yang Feng	37	Male	The Chief Financial Official of a leather enterprise	Company
25	Huang Zi	52	Male	The General Manager of a listed transportation company	Company
26	Lai Chang	36	Male	The Finance Manager of a listed company	Voice chat in WeChat
27	Lin Jin	37	Male	The Human Resource Manager of a real estate company	Voice chat in WeChat and restaurant
28	Liu You	37	Female	The Accounting Manager of a sportswear firm	Voice chat in WeChat
29	Wu Mei	32	Female	The Vice President of a listed leather enterprise	Company
30	Liu Zhen	45	Male	The Vice President of an electronic enterprise	Restaurant
31	Li Xing	53	Male	The CFO of a listed leather company	Company and restaurant
32	Liu Dong	48	Male	The Director of Procurement of a listed leather company	Company
33	Shi Jin	37	Male	The General Manager of Investment and Internal Control of a listed leather company	Teahouse, and restaurant
34	Xiao Pei	44	Male	The owner of a trading firm	Restaurant

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35	Ye Li	43	Female	The owner of an import and export company	Restaurant
36	Yan Shu	32	Female	The Section Head in the front office of a five star business hotel	Restaurant
37	Lu Ying	57	Male	The founder and Chairman of a biomedical enterprise	Company and restaurant
38	Zhang Guo	45	Male	A construction project manager	Restaurant
39	Ding Ying	53	Female	The Board member of a biomedical enterprise	Company and restaurant
40	Jiao Ying	53	Male	The Board member of a biomedical enterprise	Company and restaurant
41	Lin Shui	56	Male	The founder of a footwear manufacturing company	Company
42	Wu Ji	33	Male	The Financial Controller of a footwear manufacturing company	Company
43	Cui Lin	44	Female	The owner of a furniture manufacturing enterprise	Starbucks
44	Ye Xiang	52	Male	The Vice President of a pre-IPO company	Company and restaurant
45	Huang Zhong	56	Male	The owner of a garment factory	Restaurant and teahouse
46	Yang Hong	40	Male	The Vice President of a listed transportation company	Company and restaurant
47	He Sha	55	Male	The founder of a private business	Restaurant
48	Liu Hong	45	Male	An administration official	Company and restaurant
49	Ke Hui	46	Male	The General Manager of a Petro Trading company	Company
50	Lin Rong	60	Female	The founder of a landscaping firm	Company

Some formal interviews were conducted by using the interview guide. The questions were used in a random sequence, rather than in a formal order. Sometimes, the researcher would focus on a specific theme, which might relate to various topics covered in the interview guideline. The pilot interviews had revealed many potential themes, including money, IPO, promotion, anxiety, Internet, family, and *guanxi* (interpersonal relationships). The risk was that I might force certain themes by asking my informants to talk about them.

In reflecting upon this, I realized that I should focus on what my informants bring out in their management practice. The subsequent interviews were semi-structured in style, and thus were longer and did not necessarily follow the sequence of interview

questions. Except for three interviews conducted via voice chat in WeChat, the rest were face-to-face. Interviews were mostly carried out at the company, but some took place in a teahouse, coffee shop, or restaurant. Normally the length of an interview was two to three hours. In some cases, when I had built a good rapport with the informant, the conversation was longer; I might proceed to have open conversation, *kongfu* tea (a kind of Chinese tea ceremony), or a meal with informants. Even in open conversation with these managers, I paid particular attention to what their narratives revealed about how their behavior and practice are shaped by their underlying structures of thought.

By the end of the December of 2015, I had collected a lot of data. After the initial 30 interviews, another 20 managers had been interviewed although not fully transcribed. There were in total around 800 hours of in-depth interviews and participation observation. The question I faced was when I should leave the field or end the study. What were the criteria I should use for making this decision? Ultimately, when I felt the new interviews were no longer giving me any surprising information, or the data could not give me any more insights into the informants' story, I decided it was an appropriate point for completion of the fieldwork. When saturation was reached, it would be counterproductive to get too much data and spend too long in doing transcriptions.

Participant observation

For qualitative research, observation on what practitioners are doing is the first step (Geertz, 1973). Thought structures, after all, cannot be measured by pencil and paper instruments, or observed directly. In order to access data on the intellectual foundation, I was concerned to find specific methods suitable for identifying such data. Managers

have a wide variety of opportunities to work with various people within and outside the company (Mintzberg, 2009). These settings provide unique opportunities to actively demonstrate their thought structures. Emanating from their intellectual foundation are the attitudes and atmosphere surrounding the tasks managers complete, as well as their company interactions with superiors and subordinates. Managing experiences and practices are particularly important in demonstrating thought structure because of the sustained time managers spent within the company and social circles.

Also, an ethnographical approach requires triangulation as interviews alone are not enough to bring out the consciousness and the habits of mind. Observation is a useful supplementary method. To back up my data from interviews I therefore aimed to obtain observational data. Using this major methodology would enable me to collect data to explain and support what managers say. Behavioral indicators could be used to infer managers' deepest sources. A number of observation questions were designed to follow up what emerged from interviews (Glesne, 2011). The following were identified as possibilities of behaviors or actions and capabilities that could be used for observing this group of managers: incentive schemes, motivation, recruitment and selection, mission and strategy, training and education, appraisal KPIs, work life balance, organizational change or transformation, human relations, successions, responsibilities, and so on.

Observation can happen anytime. When something interesting appears, it is noted (Agar, 1996). Some of my observation took place in the company: when I visited the company before interviews or was waiting for the informants in the meeting room, when informants interacted with their coworkers during the interview, and when after the interview I had lunch with the informant in the company's canteen. Observation in the company setting provided me with much fruitful information, as I was able to

experience the real operations and daily interactions. Attending banquets was another setting. As I had already established closer relationships with some informants at the very early stage of fieldwork, I received invitations to several banquets with managers from listed companies in Quanzhou. I also used my social capital or the casual environment. Over the course of my fieldwork, I was invited to participate in informal teahouse gatherings as well as the more formal banquets. I wanted to find out about managers' *guanxi* (interpersonal relationships) network, but I would never be able to capture the full *guanxi* without access into the banquets, or attending their social activities. I was always mindful of ways to use this triangulation method to ensure the richness of the data. During participant observation, my earlier industrial working experience and some knowledge of business helped me to open the conversation with informants. As a previous practitioner and practicing consultant, I was able to move from social to business discussions whenever appropriate. As an active researcher, I could also interpret the phenomena I observed, using a theoretical angle. Some interesting issues or questions were noted and followed up in subsequent interviews (Glesne, 2011). Examples of such interesting issues included *guanxi* (interpersonal relationships), IPO, and *shanzhai* (copycatting).

Documentary evidence collection

As well as data collected from interviews and participant observation, some sources of documentary evidence are also considered, and they include as company's annual reports, employee manuals, company policies, mission and values statements, company magazines, official websites, news outlets, and newspaper reports. Reference was also made to entrepreneurs' own writings. For example, I read books by first generation entrepreneurs, who are the opinion leaders of Chinese management. I also listened to speeches made by founders of famous enterprises. Additional sources were

managers' WeChat and other public accounts such as *ChanyeJinjiang* (Industries in *Jinjiang city*) and *Shishidaxiaoshi* (News in *Shishi city*).

These sources provided some basic information about the company such as type, industry, and size, value claimed, mission, public relations, historical achievement, products, financial performance, code of conduct, management reform, information technology, research and development, and so on. They formed my preliminary understanding of the company which, although subject to misstatement, was vital for opening a topic and obtaining deeper meaning during the interviews and participant observation. I was able to back up my observation and what managers said by using such secondary data. In this, I tried to use different data sources and different methods. For example, regarding charity behaviors, I would compile documentation from the company account, value statement, and financial statement regarding how much they donate. In the course of an interview, managers might not remember all of this information about the company.

3.7.2 Access and Data Storage

Access

Access to the field is a sensitive topic for ethnographic researchers, especially for those entering the field for the first time. In management studies, one of the main issues when conducting ethnographic study is gaining access to organizations. The concerns of managers mainly center on the fear that it may undermine business confidentiality if the researcher is allowed to access their organization. Hence, it is time consuming for the researcher to gain access to an organization and it may not be appropriate to interview a very large number of informants.

There are several things that enabled me to access the sample companies in a more convenient way. First, Quanzhou city is a populous urban area in Fujian Province. It is famous for its business atmosphere and a large number of publicly listed companies. Second, the informal channel was the main resource for me to obtain access to companies and informants. I had known some of the managers previously and had contact and conversations with them when I went back to my hometown, especially during the spring festival or other long holidays. Most of them were my ex-colleagues, classmates, and friends. I also met managers introduced by my family members. There are a lot of opportunities for me to have meals, attend seminars, and participate in outdoor activities with them.

For example, when I arrived in Quangang, another region of Quanzhou, my high school classmate had already prepared everything for me to conduct the research work including transportation, accommodation, meals, and informants' schedules. As he was an official in the local government, it was easier for him to arrange transportations and to introduce managers to me. He accompanied me to most of the interviews. He has good relationships with these informants. They talked about very private things such as struggling for promotion to a higher position, or attending the birthday party of an important government official. The transportation was very efficient as he used the government car. Some of the informants were well known entrepreneurs in the local region.

Another informant was introduced by my classmate who works in the taxation bureau. During the whole interview process, he showed his sincerity and hospitality. He actively participated in the conversation. The interview went on for three hours, an hour longer than what we had originally scheduled. After the interview, he invited me for lunch, and to have a tour around the company. When he had to leave, he told the

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manager to give me a packet of tea as a gift. He also asked the manager to accompany me to visit the company's exhibition hall.

Thirdly, managers have their social circle (*quanzi*). If one becomes a member of a particular *quanzi*, it is easier to gain trust from other members. There is always an atmosphere of supporting each other or exchanging information within the *quanzi* (social circle). One's *quanzi* can be expanded quickly if one spends enough money and time with other members. The major means to enter a *quanzi* at the initial stage is through introduction by its members.

For example, the first manager I met was Lin Jin, the human resource manager of a real estate company, introduced by a friend who took the same exam as me several years ago. Lin Jin and my friend are ex-colleagues. Our interview last for nearly two hours and Lin Jin felt that my questions helped him clarify some concepts in his own framework. Immediately after I interviewed him he introduced me to another friend Zhou Hua, who is also in the field of human resource management. In turn, Zhou Hua introduced me to another human resource manager Shi Li immediately after the interview.

After a number of interviews and gatherings, these initial contacts introduced me to their friends, colleagues, relatives, and acquaintances. By visiting Quanzhou for several times during the field research period, I maintained friendships with several managers. The rapport that transformed these managers from acquaintances into friends was mostly based on trust, emotional compatibility, and a shared sense of personality. The friendships did not seem to correlate with variables like occupational status or educational attainment. I contacted some of my informants during my second and third visits to Quanzhou by using the method of snowball sampling. I also added

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them to my WeChat contact list and keep in touch with them by sharing information on this platform or sending WeChat messages to each other.

Interviews

Most of the interviews were recorded using recording software in my cellphone. The majority of informants expressed that they were comfortable with cellphone recording. Some of the interviews were recorded in handwriting during and immediately after completing the interviews. Each of the 30 interviews in the first stage was transcribed into a separate Word file. These files were then merged into a single file and stored in the researcher's computer. The 20 interviews in the subsequent stage were selectively transcribed and incorporated into the same file. The 50 interviews produced over 300,000 words on 800 double-spaced pages of transcript.

Before each interview began, I briefly introduced myself and the purpose of the study. The informants were told about the subjects to be touched on, such as the organizational structure, team building, incentive and compensation schemes, leadership style, decision-making, superior–subordinate relations, appraisal, selection, recruiting, finding successors, education and training, the mission and goals of organization, social responsibilities, business and financial strategy, investment, organizational change, management reform, government policy, and work and family life.

When the interview began, some ice-breaking questions were asked such as "What is one goal you'd like to accomplish during your lifetime?" "What's your favorite thing to do?" "What's the ideal dream job for you?" or "What are your favorite hobbies?" Some of these related to the questions in the interview guide. As most of the interviews were semi-structured, some of the predetermined topics were touched on in the warm-

up questions. Most of the questions in the interview guide were open-ended questions, which enable informants to give their own opinions freely. Follow-up questions were asked in accordance to the response and notes made in participant observation. In accordance with Sjoberg and Nett (1968), during the whole interview process the researcher and informant are both engaged in the consulting process, but a new topic may be suggested by the researcher at a certain point.

Field notes

Notes for every interview and participant observation were made during the fieldwork on a daily basis, and during the whole process of the research work. A summary of the key points regarding observations, conversations, interpretations, and suggestions for future information was drawn up (Agar, 1996). Summary and interview transcripts were analyzed and used to describe and interpret the deeper meaning.

All notes were stored in Word files. A habit of writing notes, analytic memos, and interpretive reflection was cultivated during and after the fieldwork. Any ideas, issues, interesting information, or insights obtained during the researcher's daily life would be noted down and used in the writing of the final paper if relevant. All field notes were used to analyze the research phenomena, adjust the conversation techniques, and convey certain ideas to the informants.

After pilot interviews in December of 2014, and subsequently, after interviewing 30 managers, I tried to code some major themes and completed some writing about human nature and human relations. This was the initial description of the intellectuality of managers in that area. During this interview period I wrote my initial analytic memo, drawn from conversations and notes. These two papers, based on field notes and analytic memo, were later presented in a conference in Hong Kong.

Language used in the fieldwork

All 50 interviewees are Chinese and fluent in Mandarin (*putonghua*), which is their mother tongue. Nearly 30 of them are local and able to speak the Quanzhou variant of the Minnan dialect (Minnan is the southern part of Fujian province). A few informants I interviewed spoke Minnan dialect when answering certain questions, or used proverbs in Minnan dialect to explain certain phenomena. In the latter situation, Mandarin is patently not able to replace the local language to convey its original meaning. However, the majority of informants and interviewees used Mandarin to communicate. As I speak both fluent Mandarin and Minnan dialect, all informants had no obstacles to expressing their thoughts by freely changing between these two languages. As I was born in Quanzhou, it was easy to establish a closer relationship with many informants and I had more opportunities to participate in their activities. Some informants felt it was easier to express their views, as some specific meanings can only be conveyed via the local language and my background allowed them flexibility in using suitable language. My ability to speak the Minnan dialect meant I was regarded as being from a similar social circle, and I was invited to join their gatherings.

Transcription

The schedule of fieldwork was very intensive. Every single day I interviewed two or three managers and sometimes I had to attend banquets. Field notes seemed to be the most urgent work to be done during these periods due to the rich information I was obtaining. As such, all of the transcriptions were completed after I returned to Macau. The final written language of transcription was Chinese, both Mandarin and the Minnan dialect. It took around 240 hours to complete the transcription. Each

transcription was double checked, sometimes by another person, to ensure its accuracy and that the meaning was correctly conveyed. As the final written language of the thesis is English, information considered to be useful for writing the thesis was translated. When I writing the first draft of the thesis some parts of the transcription were translated directly.

3.7.3 Data Analysis

Initial analysis

I obtained a lot of data at the initial stage of research, forming a very big picture. In ethnography, I am not allowed to suppress what managers are saying. If I wrote about all the themes I had expected to emerge, as well as those introduced by the managers, it would make the whole process unnecessarily complicated. As I can't transcribe everything, I needed to be selective in my coding. For example, survival as a theme can penetrate to different dimensions of human nature, human relations, and education. Family is another example. While talking about Chinese management, family seems to be an unavoidable topic. Other themes emerged during the subsequent fieldwork, and I tried to apply the same methods of analysis. My starting point was certainly not what the themes eventually looked like. However, to be involved in the details as much as possible at the initial stage is meaningful, as the aim of analysis at the beginning is to get a sense of the interviews as a whole (Agar, 1996).

Using the theoretical framework was a base, with its six themes and eighteen elements, that made it easier to categorize, interpret, sort out, and read the data. In a qualitative inquiry, it is not appropriate to force a set of themes. They just come about naturally. Some questions were kept in the researcher's mind during the fieldwork: What are the core or key elements in managers' thought structure? What kind of

practices, conventions, attitudes, and habits have been occupying managers' minds? What concepts about human mentality, which social theories, which concepts of power, freedom, family, work, justice, which methods of education or human relations are fundamental in this structure? Are some of them remaining as essential sources, and others decreasing in substantiality? Are there any levels within a framework? Are there different levels of intellectual framework? By answering these questions, the main themes are more clearly described.

During the fieldwork I wrote nearly 200 double spaced pages of field notes. All the documentary evidence, field notes, and interview transcripts were sorted out and stored in my computer. The result of initial coding provided thematic analysis of the interview transcript using nodes. In the reading process, I created nodes in the interview transcript using computing techniques and software. Software was used to help in the process of data indexing, managing, and interpreting. The nodes were examined by categorizing them. They were also used as a guiding frame to trace and extract the deeper meaning of managers' intellectuality.

In order to support some of the claims and statements on intellectuality I made in my analytic memo, and data I had used in writing on human nature and human relations, I looked for patterns of emphasis and categorized them. These categories came from the ways informants were talking. I went through the transcripts, marking stretches of talk that were coherent, as the same topic recurring in the interviews will indicate some important things about the pattern that underlies the talk. Each group of talk can then be read to check for consistency, and compared with the six main themes.

Grounded theory

The most common method of frame analysis involves thematic content analysis which focused on themes in discourse produced by participants (e.g., Creed et al., 2002; Rao, 1998). Creed et al. (2002) explain this focus with their suggestion of sorting the specific words found in texts in order to distinguish the different unifying structures, or fundamental frames that are presupposed to hold them together.

The intellectual framework consists of different themes, which form a structure or are prioritized. Seeing if there are core themes within this framework is vital for the description. These core themes are the major narratives that unfold based on the intellectual foundation. The structure and the priority of themes can be found from data collected in the fieldwork. Once they are found, narratives appear regarding how managers see and interpret the external world. Managers live for these stories, although they cannot clearly express the details of the whole story. The story includes an event or pattern of behavior with its reasoning, justification, or narrative, driven by or resulting from its intellectual foundation.

What the interviewees say is vital for finding the emerging themes. Only the informants can provide those quotations. Themes then emerge from the transcription. Under each theme, there might be appropriate illustrative quotes to support the theme. Illustrative quotes are used to explain a concept, a theme, or a category. They show how the story unfolds. There is no formula to calculate how many themes will emerge. However, each theme will have its illustrative quotes. They are claims and slogans, which are easily verbalized and often mentioned in the interviews. Some of them cannot be perfectly translated, and in this case the original Chinese is put alongside the English translation. These themes are reasoning, narratives, and stories regarding how managers see, interpret the world, and how they take action. To go through the transcripts and find illustrative quotes from managers was a way to filter the data, and

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to bring out the main themes. Hence, one of the major tasks was to find those quotations in the tapes to illustrate the thought structure.

For example, the quote "I am going to be a successful man" is a statement, telling a story. By contrast, the quote "I am living a spiritual life" is telling another story. The statement "I am going to be a successful businessman" includes reasoning such as why I am going to be a successful businessman, or what I am going to do. The narrative is a thought structure. As a successful businessman, reason has to be given as to how to live a life to deal with human relations, and how to solve problems in daily life. In the pilot interviews I found that many of the informants talked about family happiness and children's education. There were other illustrative quotes from managers' own sayings about family. After some data was transcribed, my major concern was the possibility of providing quotations to support other themes.

The attitude towards various relations entails a reason, sensemaking, or justification. By looking a step further, there are deepest sources supporting such a narrative. Narrative is the way of thinking, the habit of mind, and the intellectual pursuit. It is all about how this world operates, the direction it will achieve, and the elements it forms.

For managers, intellectuality is the story and narrative of managing. For example, how do these elements—such as clients, value chains, suppliers, and environmental issues—relate to the business and to management? Sometimes this is called the business model. A company's business model tells how managers see clients and react to certain events, more importantly, why managers treat clients in a certain way rather than another. In the cognitive aspect, the business model is the interpretation, justification, story, and narrative. When managers tell these stories to their employees,

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stakeholders, shareholders, the narrative unfolds. When an event happens with these sorts of interpretation, the structure emerges.

Themes may be embedded in the reasoning, or in a justification. For example, making money and ensuring one's family a comfortable life is situated at the level of reasoning, but what is the intellectual foundation, or what are the driving forces that gave rise to the person's verbalizing? Survival is important, at least according to managers' own voice. Why do they place so much emphasis on survival? What is the underlying rationale or concern? Illustrative quotes brought out the unconsciousness that generated actions and practices.

Survival may show up repeatedly, but perhaps it relates to all the other themes. What is behind the actions is really what the researcher wants to find out in the study. Different people may have different constructs, which would give the researcher a focus to talk about. Everyone cares about survival, but from different perspectives. Interviewees placed great emphasis on making money. Money may also be tied to human nature, human relations, economy, or education. Following such links was the way for me to categorize or to make the theme emerge.

Several themes appeared in the fieldwork, such as family is bringing happiness, insecurity or anxiety, suspicion or trust, Internet or technology. Each emerging theme related to the guiding framework, but did not create a perfectly matched structure. Finally these themes extended to human nature, human relations, or the mission of the organization. One of my tasks was to make clear which themes relate to these elements.

The other concern is the level of analysis. Is it the individual level, group level, organizational level, or the city level? For ethnography, the unit of analysis is the community or the culture. If I really want to talk about Quanzhou, then all of these

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levels have to be considered. I have to explain the intellectual life in the community, the particular region or society. The demography and the conditions of Quanzhou somehow fit and represent an average city in China. If one goes to Fuzhou or Guangzhou, one might meet similar managers. Quanzhou managers are not unique, but neither are they just "normal" Chinese managers. Therefore, for these levels of analysis, I obtained the data through spending time with the group of managers. I lived and played together with them. It is about the whole community. This has relevance to a premise that I have adopted for this study: the social nature of our cognition (Fleck, 1981). Though I was having conversations with the individuals, I was conscious of the fact that these individuals were drawing their ideas and thoughts from their "thought collective", just as they were constituting through their actions and conversations that very repertoire.

3.8 Summary

The research project consisted of five phrases. First, an initial literature review was conducted. Literature review continued throughout the whole research work process. Categories or concepts generated from the fieldwork were compared with theories or concepts presented in the updated literature. Second, some companies located in Quanzhou were identified and the researcher sought to access and contact those companies, to identify managers in each. A research question list was developed according to several themes. This list was revised during the fieldwork. The third phase was the fieldwork, which included onsite data collection through interviews, participant observation, stories, documentation, and archival records. Fourth, data were organized, interpreted, and analyzed. Throughout the data collection and analyzing stages, new ideas and questions came up through sharing and consultation among researchers. The final stage was to organize all the materials, write up the report,

and work on the publications. All these five phrases are completed in a period of about three years (see Table 3.3).

Table 3.3: The Research Timeline

Phases/time period	09/14	12/14	03/15	06/15	09/15	12/15	03/16	06/16	09/16	02/17
Literature review	███	███	███	███	███	███	███			
Getting access and research design			███	███	███					
Fieldwork research			███	███	███	███				
Analyzing and interpreting data					███	███	███			
Writing the report							███	███	███	███

A study has a beginning and an end, and this is especially true for ethnography. In this case, the fieldwork was finished by December 2015. The analysis and data interpretation were finished by March 2016. I finished writing my report by January 2017. As I had planned to collect extensive data from 50 managers, the major concern I had was time. Ethnography requires a lot of time in the field, getting intimately familiar with the culture, and learning about local culture. Along with all the other things that would need to be completed in order to know the culture of the community and get this paper done. At the beginning, I wondered when I would get the time to finish the paper, and whether it was perhaps too ambitious. Fortunately, I had access to these informants in a way that was quite convenient for me. I conducted interviews and observations intensively during the winter and summer, with several visits to my hometown.

CHAPTER 4: THE FINDINGS OF CHINESE MANAGERS' INTELLECTUAL FRAMEWORK

Several main themes emerged from the fieldwork. The themes of "survival" and "family" emerged in the pilot interviews in winter 2014. They were found in response to several questions in the interview guide. Because the interview guide included many other questions and potential directions, after the pilot interviews reflection was made on which other themes had showed up in the actual process of interviews. Bringing these questions to the field the following summer, I conducted more interviews. This time, six themes emerged from interviews and participant observation: survival, family, suspicion, insecurity, transformation, and human relations (*renmai*).

4.1 Initial Coding by Using NVivo

The tape-recorded data were transcribed as textual files in Chinese covering 800 double-spaced pages. Although there seemed to be several main themes emerging gradually according to my observations, it seemed risky to just categorize these themes manually. Hence, NVivo was used to produce categories. The software was able to indicate the pattern of Quanzhou managers' intellectual framework, and also to indicate the relationships between different themes. However, the validity of such coding is sometimes questioned. Hence other sources of data are collected to reinforce validity in such cases. By combining software techniques and subjective interpretation, it was easier for me to find the recurring themes (see Table 4.1).

Table 4.1: Themes and Subthemes

Themes	Six main themes	Subthemes
1	Survival	Gathering, banquets, WeChat shop, taking MBA program, financial freedom, professional knowledge, investment in stock and real estate, cash starving, controlling, changing job, stock, houses, money, IPO

2	Family	Financial pressure, little third, sex, responsibility
3	Suspicion	Sense of belonging, boss's cunning
4	Insecurity	Emigration, overseas education, WeChat shop, financial pressure, taking MBA program, changing job, financial freedom, *baibai* (a way of religious worship), temple, Buddhism and Daoism, the collapse of education system, lack of faith, anxious, *wuxing* (the five elements), positive energy, thankful, food scandal, masters
5	Transformation	Shortage of staff, change, professional knowledge, investment, cash starving, organizational culture, real estate, Internet, the loss of morality, stronger and larger, slow life, business sense, exemption from regulation, collective confusion, spiritual life, playing capital
6	*Renmai* (human relations)	Gathering, banquets, friends groups, pragmatic , *renqing* (sentimental connections), pioneer, social responsibility

Scholars have pointed out that there is bound to be a difference between the emerging themes and those predefined in the interview guide (Agar, 1996; Gephart, 1991). This is hardly surprising, since the researcher's preconditions are deeply embedded in the research guide. The problem is how to address such emerging themes. For example, the major concern of the researcher is how many nodes or categories are suitable. Another issue is the existence of overlap between the themes predefined in the interview guide and those emerging from the fieldwork. As the purpose of qualitative inquiry is to generate grounded theory, any themes that have emerged from the fieldwork must be considered a necessary part of Quanzhou managers' intellectual framework, and a useful angle to examine management behavior and practices.

The literature reveals some pertinent themes that I have identified and illustrated, for example human nature, human relations, and human evolution. The fieldwork was structured to explore these themes and reveal other ones. These might emerge surprisingly, or they might be related to the literature. Scholars always remind us that we don't need to be surprised, as this is what ethnography or qualitative research is all about. A starting framework is useful, and the purpose of the research is explained to

informants before each interview. Different information comes later. I don't want the new information to become "a strange jacket" that I don't know how to wear. So how should I address these issues? Some of themes in the literature are apparently different from what came out in the pilot interviews in the field. The presupposed themes already became locked components, that is, they were locking me. The fieldwork however was telling me something else, and I learned how to transcend my own pre-conceived categories.

Thought is both a system and a mechanism. Driving forces are but one level of thought. The structure and the pattern of behavior are the other two levels. The thought structure is the whole story and narrative, and the mode of operation is essentially consultative. It is a container with three dimensions, rather than a point, a linear outlay, or a part. In managers' intellectual life, events often are parts of a pattern, as opposed to merely something that occasionally happens. The events, and the pattern, result from the intellectual foundation, which is at a more subconscious level.

Therefore, the thought structure includes what managers say as well as what can be seen. This is part of the whole system. Deeper and subconscious causes can be explored through what managers say or value. My goal is to put all of these themes and relevant elements into a container, not in chaos. There are structures, different levels, layers, and filters within this framework. All the related components are organized, synthesized, integrated, and become a framework that shapes management behavior and practice. Although the framework has its foundation, it tells the whole story through its structure. The following sections describe the main themes of Quanzhou managers' thought structures.

4.2 Survival

4.2.1 Cash is King

"Ghost cities"

When I started my fieldwork in Quanzhou, the first thing that caught my eye was a continuous row of commercial housing and office buildings. In recent years, there have been a lot of new construction projects in China's second- and third-tier cities, including Quanzhou. While travelling from one town to another during my fieldwork, from both sides of the highway I could see an abundance of newly built areas complete with commercial housing, villas, and shopping malls—everything except people. These are often called "ghost cities." According to my informants, with these ghost cities, local GDP grew and jobs were created. Also, developers, local government, and politicians made money in the process. Kang Jing, the CFO of a real estate company in Quanzhou, told me:

> As early as the second half of the 2000s, similar to other municipal governments, Quanzhou has routinely handed over land to developers. We got several pieces of land during that period. Our enterprise would then receive loans from banks to develop the land. Finally, individual investors bought housing units at inflated prices. This is the secret of the real estate industry, a business model continuously copied by many developers. Both government and developers are happy with the model. Investors are also happy as the price of their houses keeps going up.

> However, due to the slowing economic growth, people's purchasing power has declined in the year 2015. In addition, the government encouraged developers to discount pricing. Many real estate companies projected a loss for 2015 due to the market slowdown. Our enterprise's finance situation is in a deficit now. Similar to other developers, we have been cutting prices since last year. I think the price will drop further in the near future. Most of the people are waiting for a further price reduction. My company will not be able to survive in the near future if the price drops further and results in a shortage of working capital. In the past months I have been negotiating with banks for the deferred repayment of our loans.

The financial system crash in 2008 has bankrupted a couple of developers. Shi Li, the Human Resource Director of a villa developer in Quanzhou, mentioned the names of these firms:

> In the 2008 financial crisis, many enterprises collapsed. You know DT is a famous enterprise in real estate. But the boss committed suicide by jumping to his death, as he couldn't meet the firm's loan repayments. Another case is JD. The boss of JD is from my hometown. Quite a number of such enterprises suddenly lost access to liquidity and failed.

Many informants understood that the downturn was due to oversupply and shrinking demand, even though they didn't work in real estate enterprises. The majority of them agreed that previous intensive buying, tight credit control, and expectations that prices would fall were factors contributing to the downturn. It was widely perceived that there was a bubble in real estate that had been inflating for a while now. Those developers who didn't stop dancing lost a lot of money. Finally, liquidation led to sudden decline. Shadow banking was a system supporting this process (Green et al., 2014). Liu Fang is the CFO of a listed company, who is a senior financial affairs specialist. She elaborated:

> Nearly all of my apartments have been sold. I expect that the housing bubble will burst one day. The banks' current mortgage system is repeating the 2007 American experience. Although state-owned banks tried to reduce lending, the demand was still there. Banks set up a wealth management function and still lent money to the shadow market at higher interest than the normal rate. Developers really wanted to pay that high interest in order to get money when their profit was declining. So the shadow bank was growing rapidly.

Some studies also suggested that the reason for the inflated cost of property was that government and real estate developers were colluding to drive up the land price (Aglietta & Bai, 2012), under the rationale that the growth of the country's GDP was one of the most important indicators characterizing economic development (Tisdell, 2009). Chen and Zhang (2013) pointed out that developers were too dependent on bank

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loans, and would be in an extremely precarious position should housing prices drop. This was exactly the same as what Kang Jing described.

There was a dramatic rise in house prices during the second half of the 2000s. Despite that, many informants took the view that it was necessary to buy a property in the city for their children, either for the convenience of their schooling or for their future marriage. The majority of informants had two apartments, one for themselves and the other for their child. Normally, one apartment would be empty. Some of my informants had bought a house in the neighboring city Xiamen. Xiamen was considered to be more open and modern than Quanzhou. Some parents in Quanzhou hoped that children would have access to a high quality education in that city. For that reason, many of them were thinking of relocating to Xiamen or at least buying a house there.

In order to encourage more people to buy houses in Xiamen, the local government even implemented a policy allowing five family members to register their household locally if one purchases a house with a floorspace of more than 150 square meters. *Hukou*, the permanent residential permit, ties subsidized social services (including health, education, and pension) to one's legal residence and is much coveted in first- and second-tier cities. However, many other informants couldn't afford the high house prices in Xiamen. Zheng Xin, the Financial Controller of a real estate company, said:

> It is difficult for me to buy a house in Xiamen. If I do so, plus the mortgage of the house I bought in Quanzhou, I have to pay bank loans up to a total amount of more than 15,000 yuan per month. That is a *tianwenshuzi* (astronomical figure) for our family, although my wife and I both have a good salary in Quanzhou.

While I was writing the findings of my fieldwork in early 2016, one of my informants told me through WeChat that some buildings in Xiamen sold out overnight despite the high prices. Aside from speculators—who will buy a few or even dozens of units, perceiving that investing in real estate is a "no brainer," a can't-miss investment—

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many managers tend to believe that possessing more properties will be more secure. In China there is a saying, "except for death, anything else you have to do, do it as soon as possible. Otherwise you will suffer losses (*chikui*)." There is an expectation that house prices in first-tier cities will increase in the future, as the land resource is limited. Many informants expressed that they had to work harder and earn more money, in order to be able to pay their bank mortgage. Interestingly, in April 2016 Xiamen got top score in the sub-index of lifestyle diversity, with more cafe and restaurant varieties. It had become one of China's first-tier cities due to its commercial charm (CBN, 2016). This should give confidence to those managers in Quanzhou who wanted to buy a house in Xiamen with the hope of having a better life there.

Although many informants can only invest in apartments, some of them had the dream of buying a villa. Shi Li told me:

> A villa has been beyond my reach all my life. I hope I will have one in the future. Currently, the buyers of our villa project are the elites from Quanzhou, the class of rich, high-class white collar, and senior officials in government.

The dream of property ownership is deeply established in Chinese people's minds. It says that only stable and secure housing can lead to a peaceful life (*anjucainengleye*). Chinese parents are supposed to buy, build, or redecorate a house for their son before his marriage. Due to the single-child policy after 1978, many informants have only one child and they hope their child will join the elite in the future through their material investment (Fong, 2007). Some of my informants took it for granted that to financially assist their children to buy a property is their responsibility.

Celebrating bulging order books

Many local businesses in Quanzhou had been starved of capital due to over-investment on a colossal scale. Also, the financial resources from banks had been channeled to

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property developers. Many firms were caught unprepared and run into serious cash-flow problems because they have spending money they didn't yet have. When I asked Wang Xiang, the Vice President of an auto sales company, what would make him happy, he explained:

> What makes me happy? The answer is money. What makes me upset? The answer is money, too. What we'd like to celebrate in the company is when we obtain new orders from our clients.

Another informant, Lu Hai, the Vice President of a clothing company, told me:

> I can see Quanzhou is facing the problem of excess manufacturing. The ultimate purpose of our business is to keep a healthy cash flow. Hengan group (a famous sanitary napkins brand name in Jinjiang, Quanzhou) is very wise. They know how to exit profitable businesses rather than invest more. Defense policy and making concessions are the secret of their success. The leader of the group knows very well when they should not do business. When they are profitable in an area and find competitors beginning to enter into the same business, he realizes that it is the time to exit, even if such business still seems very profitable in the short run.

Evidently, many informants were concerned about the potential risks of over-producing, the capability of generating more cash flow and sustainability of the enterprise. Chen Xing, the Founder and Chairman of a shipping company, emphasized the importance of not doing high-risk businesses and maintaining adequate cash flow for daily operating. He said:

> Cash is king. The over-investment in industrial capacity and property has led to a potential hazard. I am very much concerned about the difficulty of the local economy and its sustainability. For now, careful attention will need to be given to investment in new businesses. If there were no better choices, I would focus on the current one. I am not going to invest money in risk-taking businesses.

Within a firm, cash flow can only be generated through revenue or turnover, by selling products or services regularly. Hence, reinforcing the core business (*zhuye*) became the focal point of many owners, with the aim of improving the ability to generate more cash flow. Dai Yi, the owner of a family clothing business, said:

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Due to the excess manufacturing capacity, the problem is how to sell more. The cake's size remains the same, but more and more competitors are dividing the same cake. Many enterprises cannot survive as their sales numbers keep dropping. Although our enterprise had invested in several areas, we have been enlarging the scale of our *zhuye*. This is vital as core business can generate stable money.

When I asked my informants the question "What would you celebrate in your company?" the majority of them gave the same answer: "When we have new orders or larger orders from our clients." Certainly, to have a new client or win a larger order will improve an enterprise's cash flow situation. It is an exciting event to celebrate. With this strategy, many enterprises' resources were channeled to sales and marketing.

Chen Liang, the Vice President of a manufacturing company, said:

> We put much money into recruiting and retaining sales people. This department is one of the key engines of our development. We see the sales department as the most important function within the company. We have paid nearly triple the compensation of our Managing Director, who has been working in the company for more than 20 years since the firm was established, to recruit the Director of Sales and Marketing. Most of the departments in the company earn a salary much lower than that of the sales team. If decisions made by the finance department become obstacles for the sales team to carry out their action plans, I would criticize the finance department. I will dismiss some of them if the problem is serious. Ensuring the proper functioning of the sales team is the foremost thing among all company issues.

Guo Yi, the founder and CEO of a private company in the truck manufacturing industry, explained:

> What really makes me happy is to obtain more orders from clients. I bought Kazuo Inamori's book *Living Law*. I just read the outline roughly. I didn't know the detail of the book's content. But I think the title is already very attractive. In my understanding, as a human being, to be able to survive is fundamental. This is the most important thing. The reason why I bought this book is the attractiveness of this title, rather than the author's reputation. Whether running a business or living a personal life, we need to be able to survive, and then we can express our ideals. Survival is dominant. Without survival, anything else, including families, enterprises, universities, and even religions, cannot be sustained and transmitted into the next generation successfully. For animals, survival is fundamental. In like manner, for us, material life is the foundation.

However, the pursuit of large-scale cash-generating operations is normally at the expense of sustained service quality and long-term customer value. It is suggested that to obtain a rational profit is not only the result of excellent service, but is also the foundation for providing excellent and innovative service. For an enterprise to build enduring greatness, the only way is to regard their clients as flesh-and-blood human beings. Everything enterprises do needs to be centered on customer satisfaction (Peters, 1987). However, most managers were stuck in the short term, and can't rouse themselves to do much that is inspiring.

In Quanzhou, managers tend to follow the crowd to invest in footwear and clothing, as they see others are making a lot of money from these two businesses. Similarly, when people see everybody is investing in real estate and making a lot of money, they will put their money into it also. The same situation can be seen in other types of businesses. Those who pursue this strategy become stronger in their belief that they are making the right decision in investing in a business. Hence, more and more private capital is attracted to these industries. As a result, all enterprises are investing in the same business despite the actual need of consumers. This is also applicable to intensive house buying. When people see many others are buying houses, they will make the decision to buy a house even if they don't really need it.

The baibai (a way of religious worship in Southern Fujian Province)

Some studies propose the Chinese have no beliefs (*zhongguorenmeiyouxinyang*) (Osburg, 2013). The majority of my informants agree that people in southern Fujian have no beliefs, which they would faithfully uphold. This, a few informants told me, is because they believe in everything. Some managers will pray for a thriving business through the *baibai* (a way of religious worship). In Minnan dialect *baibai* means a way

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of religious worship. The *baibai* occupies a major part of the daily routine for many Minnan families. The Quanzhou pantheon includes a wide range of gods, each of whom has its own followers. People may pray for health, money, or employment. For some managers, their understanding of existence places more emphasis on a scientific and materialistic world view. Wang Xiang said:

> I don't believe in any religion. Now in Beijing, there are more than ten thousands *renboqie* (monks), they just cheat to get their drinking and eating. But many managers believe in them. China is lacking spiritual life, that's why Mayun and some movie stars believe in a cheater, Wanglin.

Others talk about the wide range of gods and spirits in Quanzhou. Li Jin, CFO of a pre-IPO firm, told me:

> You can see many businessmen in Quanzhou, during Chinese traditional festivals, march in concert to the temples and kneel down before Buddhas, Daoist images, and local gods and pray for fortune. The owners of our firm worship both *Guanyu* (a Chinese military general) and *Tudiye* (soil-ground father). On the first and sixteenth of each lunar month there will be a worship ceremony in my boss's office.

Believing and not believing in gods can also be found in the same person. Wang Qi has been gaining familiarity with both Buddhism and Daoism. He doesn't believe in any religion, but he likes to search for any kind of religious or philosophical knowledge. As one of the owners of a successful tea business, he explained to me:

> I make friends with people who believe in Buddhism and Daoism. I will learn from some of the monks, but I don't believe in any one of them. However, I believe that humans have a soul. Daoism is good, as it believes in the law of nature. This is what we call reasoning. It means the idea is presented according to logic. In management, I teach employees to be kind and to learn the way of reasoning. Because I believe that we have soul and reincarnation, sometimes I will pray for our family and business in temples, recite the scripts. This is a way for me to keep my physical body and mind in balance. And from which I find my sustenance. I do believe in fate. Fate is your cultivation in the last life. This is determined by your development in the previous world. If my business goes well, it has to do with my efforts in the last world. It cannot be changed. What you can change is

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your fortune. Therefore, I am open to any system of knowledge, but I don't have blind faith in any of them. I don't know why, each time when I enter into a temple or sit beside a master, this make me feel very calm and mindful.

The appearance of eclecticism was also reported by my manager informant Liu Jun, the Vice President of a manufacturing company. He said:

I was a student of arts stream (*wenkesheng*) in high school. I studied well in dialectical materialism and historical materialism. Many philosophical viewpoints of dialectical materialism and historical materialism have provided the methodology instruction for my current work. For example, I understand that the butterfly effect of risk-acceleration results from endogenesis and exogenous causes. In my high school I also studied Confucianism. I was good at subjects like history and politics. Later I studied Chinese philosophy in university. In terms of Chinese philosophy, I was actually most influenced by my mom. She believes in Buddhism and Daoism. My grandmother had a great impact on my mom's thought. However, in 1997 I became a member of CCP.

You could say I am both atheist and theist. When I work in different companies, most of my bosses have different faiths. One of my bosses asked me to prepare sacrifices to worship gods or ancestors on the second and sixteenth days of each lunar month, praying for good business. To worship a goddess became a part of my job. In another company, my leader taught me that it is essential to participate actively in the activities of the Party organization. In general, I have no standard in my system of beliefs. I have different roles to play such as subordinate, parent, or manager. It is just for survival. We should not judge others' viewpoint as everything is changing. In management I need to apply certain knowledge in a specific situation and make this my way of life. To make a living is quite difficult!

I can tell through these conversations that some managers believe that being open minded, being flexible, and not taking yourself and others too seriously are important attitudes in all areas of managing, and never more so than when dealing with difficult parties such as authorities, your boss, or business partners. For example, as Liu Jun told me, food makers in Jin Jiang have devised all sorts of creative ways to circumvent regulations—and to confuse and seduce consumers. At least five thousand years ago, the *Book of Changes* said: "The four seasons, by their changing and transforming, can perpetuate their production [of things]" (Legge, 1899). The belief that "whenever there is a rule, there is a way to get around it" has been deeply ingrained in the Chinese mind, and the traditional way of thinking still has a great impact on modern life in China.

Another widely used way to pray for business in Quanzhou is consulting a fortune-teller or geomancer (*fengshui*, "wind-water" in English). Entrepreneurs always ask a geomancer for advice in terms of orienting buildings, office location and arrangement, and buying houses. Wang Zong, the owner of a consulting company, told me about his experience:

> In the 1990s, when I joined FZ, my boss asked a geomancer to give advice on my office decoration and the direction of my desk. My boss believes so much in *Fengshui*, he said that *Fengshui* is an ancient Chinese practice of arranging your home and workplace so that they are in harmony with their environment. Most importantly, it will protect our business going well.

Liu Jun told me a story of fortune-teller who tries to give advice to share investors. He said:

> We have close relations with fortune-tellers. One fortune-teller discussed the stock market with me. Finally he gave up, as the stock market is so complicated. I warned him he shouldn't look down upon our profession. We have to spend so many years studying this knowledge. Since my university days I have been trading stocks. It is difficult for a layman to guide investors in operating with stocks. We need to acquire in-depth industry knowledge, including agriculture, clothing, shipping, service, and Internet knowledge. I also have knowledge of religion and philosophy. I have read some books. Also, businessmen have developed similar worldviews with their similar experience and education backgrounds. I understand most of them are praying for a better life. In this case I can also be a fortune-teller. People just need a psychological therapist and trust in any kind of belief system.

Many informants believe that their businesses will continue to blossom, grow, and evolve through application of traditional culture. Chen Jin, the owner and Managing Director of an incense business, said:

> Many managers spend time reading Chinese classics, practicing calligraphy and painting, learning yoga, tea ceremony, and meditation, rather than drinking alcohol, playing cards, or singing karaoke nowadays.

More and more owners or managers try to "drink chicken soup from various sources." Some of them have had setbacks in a society which is obsessed with consumerism.

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One of my informants, Pu Duan, attended an executive development program in traditional culture in Xiamen University. She complained:

> The university is not to disseminate knowledge, but to make money. Their intention is not to improve our knowledge regarding traditional classics. Further, they charged a very high tuition fee for this program. I regret that I attended such a course.

With the worsening of the business environment and sharpening of competition, the "third state" has been the common condition of modern people. Sub-health, also called the third state or grey state, is commonly intended to mean the health state of low quality—experience situated between health and disease. Therefore, more and more managers are involved in activities like yoga, reading, Zen Buddhism, Sinology, incense lore (*xiangdao*), tea ceremony (*chadao*), civil society, and philanthropy activities (Richard, 2011). This reflects the increasing difficulty for businessmen to wring a living out of a fiercely competitive market.

Especially, senior managers hope to improve their quality of life by succeeding and learning the essence of traditional cultures. Many think about living a slow and peaceful life, and maintaining a balance between work and life. More and more stories of the prevalence of entrepreneurs'' mental illness are showing up in the news in recent years. Zhou Hua, Assistant Chairman in a leather company, complained:

> We need to break the old mode of thinking. Everybody wants to get into college, to succeed, to be an official, and to be a leader. In one play, you cannot say everyone is the main character. Supporting actors can also be important. Teachers and parents attempt to indoctrinate kids into successology. In our society, there is no training in terms of how well a player performs his role. For example, how could one be a good wife, mother, son, employee, or boss? Lack of training in this regard will bring lots of social problems. In school education we only have Chinese literature and mathematics. I have to explore for myself how to be a mother and wife. Maybe our traditional culture is a good source.

One of my informants, Chen Jin, seems ready to expand into a new niche market—*xiangdao* (incense lore). When I met him in his teahouse, he was meeting with Jiang Shui, the Human Resource Manager of Qi Pi Lang, to emphasize the importance of spiritual activities for senior management and introduce the benefit of their incense products and *xiangdao* service to her. He had been seeking opportunities for business with big groups. Recently he also talked to a number of training professionals from different firms, with whom he hopes to do business. In his WeChat message, I notice that he has expanded his business into a vegetarian restaurant, Wuyi rock tea, group meditation training, a book club, and ecommerce. No wonder some of my informants noted that the cultural industry is the last to be developed in China's business expansion. Some managers however sniff at the phenomenon. Dai Yi said:

> Don't you find them a little bit too arty? The motivation is that they become proud of boasting wealth and compare their financial status with each other. They lack knowledge of, and faith in, the true God. They don't believe in souls, but they worship money.

Many other informants seemed to wear a very weak expression when I asked them about this issue. By summarizing the current experience of his own life, as a representative of rich second generation and the President of a shipping company, Chen Qi asserted that people like him have to fight daily just trying to live in this rapidly changing world. Except for the ritual of drinking tea, he pointed out that there is less chance for them to be involved in such elegant things.

In the offices of some of the owners and managers I visited, I noticed on the shelves numerous books about the implementation of wolf culture, formulating competitive strategy, or winning in business. Chinese classics can also be found, such as the *Art of War*, which teaches the philosophy of competing and battling. A few bosses and managers encourage employees to read such books.

4.2.2 The IPO Myth

Quanzhou is known for the large number of family-invested factories operating there, especially in the clothing and brand-name footwear industry. Manufacturers are encouraged by local officials to engage in initial public offerings (IPOs) and seek listings on stock exchanges to raise global capital for expansion. During the past two decades, the phenomenon of IPO has gained much play. Interestingly, people may have never been to a place with so many enterprises that go to a consultant for help in order to get ready for IPO requirements. There is a real fever around IPOs. At the end of 2015, more than 100 enterprises in Quanzhou were listed companies. Meanwhile, a lot more enterprises are preparing for IPO status. By the end of May 2016, according to Quanzhou Municipal Bureau of Finance Works, 97 enterprises had been approved as candidates for going public.

Some enterprises regard IPO as a way to establish and perfect a standardized operating system, as listed companies receive tight supervision. However, most IPOs are not intended for improvement, but rather as means for collecting more money, the mindsets of the owners remain the same. Another main purpose of IPO is to legalize the owners' property. The expense is that owners have higher taxation costs, must develop a better compensation scheme for employees, and must provide transparent information. Also, they are operating under the strict supervision of government. But in some aspects they can gain much greater benefits than cost by playing this game. Xie Jia, the Vice President and one of the founders of a wedding photo company, said:

> The price of listing is higher than profit, especially in tax. After IPO, I will use money for capital operation. Capital operation is a very exciting thing. I also hope to eventually do some additional angel investing. To be a financial player is my dream. I do't want to miss the boat.

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During our conversation, although his wife kept warning him to stay away from the capital market, he stuck to his decision. Management of many firms hence is centered on the most sought-after offerings. In this process, government also helped ratchet up the boom in the early 2000s. The Shenzhen stock exchange pushed forward the *zhongxiaoban* (small and medium-sized enterprises market) and *chuangyeban* (growth enterprises market) formally, in order to create a new channel for financing of willing innovations and other growing start-up enterprises. However, most of these enterprises are only labeled as high and new tech enterprises. Lu Hai stated:

> They are just spending money to buy the certificate. With this certificate, the benefits are 10% reduction in income tax and eligibility for going public. It is evident that they are cheating. Can you imagine that enterprises producing playing cards, pickled mustard tuber [preserved vegetable], selling flight tickets, offering decoration, and shoe manufacturing are high tech enterprises? Obviously they just bought the certificate. All of them are labor-intensive enterprises. In order to collect money in the IPO process, they have to spend money. I think they are speculators and their input is far less than output.

According to the Jinjiang Municipal Office of Finance Works, a total of 96 enterprises have gone public. More than half of them are successfully listed in overseas stock exchange markets—Hong Kong, Singapore, Korea, and America, etc. Due to the difference of the requirements or specifications for IPO in different exchanges, it is easier for enterprises to embark on an IPO path in overseas markets. Lu Hai elaborated:

> Financial fraud cases are frequently exposed in Chinese capital markets. For example, XX and XX are leading enterprises in Jinjiang in the clothing industries. They are involved in preparing false accounting reports. Some firms even have several sets of accounts. Most companies inflate their revenue. Some of them record sales without any corresponding cost of sales. Others face earnings that are not going to meet expectations, so they juice them up a bit by recording sales that do not exist. Also, some companies will beautify their statement by falsely padding the capital and profit in order to go public. Thus they have more money to be financial players. More and more firms are considering overseas listing as some countries have a lower threshold. One county of Quanzhou, Nanan, has many such companies, especially plumbing equipment suppliers. I often attend

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IPO information exchange meetings organized by local government. It is a venue that the government and enterprises bargain and negotiate to gain advantage for themselves. All topics are centered on benefit exchange, in terms of taxation and lands, nothing about governance, innovation, and sustainable development.

From Xie Jia and Lu Hai's introduction, I realized that many of these companies have listings on stock exchanges in Shanghai, Hong Kong, and overseas. The purpose of IPOs, according to them, is to collect money (*quanqian*). Involvement in financial fraud and raising capital through IPOs are ways to bypass the difficulty medium-sized firms have in obtaining loans from Chinese banks. IPOs have become a major part in the business planning of many small and medium-sized companies. In the initial stage of my fieldwork, a banquet organized by one of my informants allowed me to gain a deeper understanding of these IPO stories.

Four friends discussing the stock market

On the second day after my arrival in Jinjiang, I had the opportunity to have dinner with Wang Zong, Lin Yue, and Yang Yi, coordinated by Liu Jun. All of them are CFOs in listed companies. Over dinner, I asked them to share their observation regarding the stock market and to describe the purpose of IPOs. Liu Jun stated:

> We have regular gatherings. I have been seeing so many bosses, managers, university classmates, ex-colleagues, and acquaintances who are successful in accumulating a large amount of personal wealth, through participating in the process of companies' IPOs. Normally, the purpose of these companies' going public is to collect money (*quanqian*). Currently, to get a loan from banks is very difficult. Banks don't trust private firms. They would not *xuezhongsongtan* (provide timely help), but only make what is good even better. The most difficult part of management is to find ways of raising money. Why are there so many firms in Quanzhou seeking IPOs? It is because they are lacking money.

Wang Zong knows a lot about IPOs. In the 1990s, he had opportunities to assist in the IPO applications of several companies. During the banquet, Wang Zong told us:

In the 1990s, I joined FZ as a VP in charge of finance and investment. I also brought a group of people who became middle and senior managers of the company. As local government policy encouraged IPO, it was a good opportunity to enrich my experience, especially in the early stage of the Chinese stock market expansion. I became familiar with the regulation and procedures after pre-listing tutoring for one or two enterprises. More and more firms approached me and invited me to join them and lead the internal IPO team. In this process, quite a number of my team members became CFOs of listed companies in Quanzhou. Lin Yue and Yang Yi are both my ex-colleagues. In the early 2000s, I resigned from FZ and established a consulting company. To date, I have tutored many enterprises about going public.

Yang Yi is one of Wang Zong's apprentices, and is currently the Chief Financial Official of FZ. He nodded along when Wang Zong was speaking. Yang Yi had experience working for state-owned enterprises (SOEs). He explained to us the different intentions of private firms and SOEs in going public:

There are fewer SOEs in Quanzhou. I knew a SOE in Xiamen that had a successful IPO in HKex. The senior management cannot get anything in the process of IPO. Therefore, their IPO is for the local government GDP number. A couple of officials would benefit. The city may also build its reputation through this process. For private firms, their reason for going public is one thing, that is, to get a large amount of cheap money. It is a way for owners and professional managers to increase their personal wealth, and for local government to earn more tax income.

Heath (1999) suggested that extrinsic incentives, talent management, executive compensation, downsizing and restructuring are examples of management practices that emanate from managers' basic assumption that human beings are self-interested. I would argue that finance strategy, especially IPOs, is another common management practice that is arising from the same assumption as well. It is firmly believed by most managers that management is all about financing and one's competitive advantage would increase with more finance at one's disposal. That only money can produce money (*qiannengshengqian*) is the premise on which management policy is based.

At an individual level, some informants benefit from the strong atmosphere of IPOs in Quanzhou. Concerning managers accumulating personal wealth in the IPO process, Liu Jun gave me this explanation over dinner:

> If there is a chance to be a member of the IPO team of a company, in charge of either finance, law, or investment issues, it means the manager will earn a large amount of money after the IPO. They will be granted a portion of the company's stocks, and these stocks' value will become ten times greater after trading in *erjishichang* (the stock market). They are most likely to become rich by participating in this process. Normally professional managers' total annual remuneration will be more than 1 million yuan. After working several years in a listed company, they will accumulate several million yuan in wealth. Afterwards, these managers will resign from their current job and join smaller-sized and innovative firms, as these companies will go public in the future which will provide them with a chance to accumulate much more wealth.

A small number of managers have become rich, and a large proportion of their wealth is in the form of stocks. Wang Zong told me:

> I have put part of my money in the stock market. My stocks' value lost one million yuan within a day in the recent *xiongshi* (bear market). The stock market fell quickly this time. In the past, the same value of loss happens in a week. However, even if the Shanghai Composite Index drops back to the historical lowest point, i.e., 1600, I would not be scared. I will still have sufficient value of stock in hand. It can be cashed out anytime I want.

Having experience in professional areas such as law, finance, and accounting becomes an advantage for people looking for a job in a pre-IPO enterprise. One of my informants, Shi Jin, obtained his PhD in accounting two years ago. He is in charge of investment and internal control of a group that went public recently. He believes he is popular with those pre-IPO enterprises because of his good educational background. While talking about this, he conveys a sense of self-confidence and enthusiasm. He continues:

> I am hoping to work for another pre-IPO company in the near future, after I earn a high salary, say, more than 1 million and a certain amount of stock option, for

one or two years, I will resign from these jobs and live a retired life. Of course, the experience of IPO is vital for me to achieve such goals.

Shi Jin is considered to be very professional (*hen zhuanye*) as he already possesses a doctoral degree. Other professional managers might also have obtained a professional certificate or have accounting or investment working experience. For example, in the early 2000s Li Jin passed the ACCA (Association of Charted Certified Accountants) examination, and now is a fellow member of that association. He is the CFO of a pre-IPO enterprise in the tea industry. Liu Jun had been working in a security company for many years before he joined the current company, a pre-IPO enterprise in engineering, as the secretariat VP.

There will be more and more professional managers joining Quanzhou enterprises in the near future, I was told by the head of the Jinjiang Municipal Office of Finance Works, which is the focal point of local government. People who have working experience in big four investment banks and have a good educational background are encouraged to come to Quanzhou with preferential policies.

According to the majority of informants' responses and my observation, managers are fundamentally motivated by a desire to accumulate wealth during the process of IPOs. Although a few informants mentioned that the motivation is to have the IPO experience, actually they are expecting a bright future career with higher possibility of accumulating more wealth because their resume will be more attractive to employers.

The fever for IPO is also felt in the neighboring city Xiamen. IPO is a common topic of conversation. Managers or owners often ask each other about the timing and intention of offerings in their gatherings. Finance managers are often seen as richer if they have experience in several successful IPO projects, and are popular in the circle of owners who are seeking IPO opportunities.

IPO is not only at the core of high-efficiency management, it is also the very symbol of modern enterprise. Many well known firms in China have adopted the IPO strategy. In their financial plans, each year there will be one or two projects aiming at a successful public launch in the stock market. Although Zhang & Piotroski (2013) found, by investigating more than 400 companies that went public from 1998 through 2008, that local politicians had made use of their power to speed up the process of IPOs with the goal of moving up the political ladder themselves, the rationale for Quanzhou enterprises' IPO is more likely to be in financing, nevertheless.

4.2.3 Earning My Bread (*hunkoufanchi*)

A gathering with four managers discussing human nature

In Quanzhou dialect, *zhuan chi* means to have a job. The term *zhuan chi* is literally translated as "earn-eating." It conveys the meaning that "the purpose of having a job is to maintain the survival of the physical body." The majority of informants make the assumption that human beings are animals. When I was in a gathering with four managers, I asked their view about human nature. All of them agreed that humans are animals, and basically self-interested. During the conversation some of them mentioned Maslow's theory of physiological and safety needs (1954), while others mentioned that the competitive society forces them to act in a self-interested manner. The majority of managers' responses reflect the fundamental premise of the importance of a physical and material life. Shao Sheng, the Managing Director of a biomedical company, said:

> We are animals. This is unquestionable. We need food, water, sleep, and fresh air for survival. This is exactly like the need of an animal. Our society is very pragmatic. We have to compete for survival. Protecting ourselves is the most important thing. I have to sell the products myself, and maintain a good

relationship with clients. Otherwise the company cannot survive, the employees would have no food, and their daily necessities cannot be ensured (*meifanchi*).

Many informants agree that the inclination for corruption is part of human nature. Dai Yi told me his story:

> I am very fortunate that I made a decision several years ago to resign from my ex-company. The company is in the finance industry. Some of my colleagues were arrested due to their misconduct. Why I am saying I am lucky is that their misconduct is exactly what I was doing before. If I didn't make that decision, I would be in prison with my colleagues now.

It is interesting that Dai Yi reflects on this story from the perspective of his fortune or wisdom in making the decision that he did, rather than looking for the root cause of his misconduct, which is more related to his personality.

Managers seem to maintain as a strong value that the foremost thing for a company, a person, or indeed any aspect in our society is to survive. One of the key aspects of survival is entertaining the physical body. Chen Chang, the owner of a consulting company, said:

> As an entrepreneur, the most important thing is the physical body. If you have health problems, everything is meaningless. According to my reckoning, we have only around 30,000 days in this world. Each day is valuable. Why shouldn't we play and amuse ourselves with entertainment.

However, it does consume a lot of money. Wang Xiang said:

> After work I like to go to KTV. If I go to Macau, I cannot control myself, as gambling is so attractive. So I dare not go to these places [when I do not have enough money]. Thus I have to satisfy myself with other interests, such as drinking alcohol. Because of this, I opened a restaurant. I can entertain my friends frequently in my restaurant.

Many managers today immerse themselves in entertaining in banquets, karaoke, and teahouses; playing cards and gambling; or taking care of a mistress. They are

continuously seeking new ways of entertaining themselves. Wang Zong told me during the banquet:

> There is a Chinese saying: "When there are adequate stores, they will know what decorum is; when the people have enough food and clothing, they will know what honor is. If you are hungry, can you still utter high-sounding words (*chang gaodiao*)? If you are going to collapse, will you donate your money?"

"Zhuan chi (earn-eating) *is not easy"*

The assumption about human nature implies that money is the most important thing in organizational and individual life. The term "money" is popular in public discourse and featured highly in my informants' narratives. "Rich and bitch" (*youqian jiushi renxing*) was one of the top-ten cyber catchwords in 2014. Survival is related to money. There is a widespread saying in China: "Money is not everything, but without money, everything is nothing." The majority of my informants made continuous use of the word "money" when responding to my interview questions. From different perspectives, they all expressed the importance of cash or money in management and the managerial mindset.

Managers compare their remuneration with each other if they are in similar positions. It is quite normal in China to ask somebody about his salary or whether he owns a home. I didn't avoid this during our conversations. Most of them told me that the average compensation of executives in public companies is nearly one million yuan. However, as Liu Jun told me, before IPO a senior manager's remuneration package is only around 0.3 million yuan annually.

"*Zhuan chi* (earn-eating) is not easy" is a colloquial expression in Quanzhou. It signifies that to earn a living requires much effort and your goal cannot always be achieved in the competitive environment where everybody is in business. Lu Hai is

familiar with the story of the founder of Lilang, a famous clothing firm in Jinjiang. He told me:

> In 1987, the founder of Lilang, Wang Liang Xing brought 10,000 yuan to join his brother's clothing factory. That year Lilang earned 180,000 yuan and the following year it earned 880,000 yuan. Wang Liang Xing was stunned and the whole family could not go to sleep. He had a simple vision, that is, he wanted to live a life he desired to have. Then, he set the goal of creating 1,000 millionaires, and 100 multimillionaires. Now he has achieved this goal.

A few managers strongly believe that employees also work only for money. Wang Xiang told me:

> Of course, those employees who really want money or who lack money are the easiest to manage. As an example, during the days around Mid-autumn Festival, the company dispenses festival allowances for each department to celebrate the festival together. However, some departments choose to give the money to each individual, as they like cash rather than getting together with colleagues. In order to attract more talented personnel, we always provide competitive remuneration packages in our recruiting practices.

Wang Xiang's pragmatic point of view is not unique to China, as studies suggest that employers in, for instance, Japan encourage employees to get married as a means to retain them (Miyoshi, 2013). The underlying assumption is that the burden of family expenditure will increase with marriage, and employees with a heavier burden will be easier to manage.

 Due to the inflated housing prices and the willingness to consume more, managers are more and more concerned about their monthly earnings. Accordingly, the majority of companies' policies are oriented towards compensation schemes and extrinsic incentives. Ding Hua, who is rich second generation and is the Vice President of a footwear firm, told me:

> Managers nowadays are more pragmatic. Sentimental connections are not important at all. The most important objective we set is that the average salary for

each employee should achieve the target of 5,000 yuan per month. This is vital for the survival of 2,000 employee families.

Wang Xiang often posts messages about job vacancies in the company on WeChat. Vacant positions include CEO, vice chairman, or marketing director, among others. Sometimes the message says the company will provide an annual remuneration package of around several million yuan. Later Mr. Wang explains that the posting just imitates the design of other companies and the high remuneration is not a real number. They just use it to catch people's attention. However, he promises that they will at least provide competitive packages compared with other companies in the same industry.

Managers themselves normally invest the major part of their money in properties and the stock market. Yang Feng, the Chief Financial Official of a leather enterprise, stated:

> In Jinjiang the living cost is high and the burden seems much bigger when we have to raise two kids. The stock market performs not so well and I lost some money. We only have two means of investment: the stock market and properties. In the future, I will think of buying education or health insurance for my children. Our generation is still facing the pressure of living our own lives. I hope the next generation will not. They can choose what they are really interested to do. They will not be attracted by money anymore.

4.2.4 Managers' Thought Structures

The majority of the managers are having assumptions that is ingrained in material aspects of their existence. Better material achievement seems to be dominant in their system of thinking. Fundamentally, they believe that for a human being there is no big difference compared to the basic needs of an animal. The conversations make clear that at least a few of the informants take it for granted that humans are animals. The reason is simple—what is visible to the naked eye is what is essential. The existence of the physical body and one's material achievement are what can be seen, experienced, and verified.

In his book *The Philosophy of Wanda*, Wanda group chairman Wang Jian Lin describes an incident that took place in the hard pioneering days in the second year of his business undertaking. On the terrace of the Grand Hyatt Hong Kong, looking out at Victoria Harbor, he set a goal of owning a similar building in his lifetime. Friends laughed at him because they were still worrying about the next meal—and the hotel building was worth about 100 million yuan then. But now, his enterprise has more than a hundred buildings. According to Forbes, in 2016 Wang was the richest person in Asia with $28.7 billion US dollars.

There have been many similar rags-to-riches stories in China during the past 30 years. These stories have inspired entrepreneurs to persevere on their path to becoming a billionaire. A piece of advice to young people given by Wang Jianlin in a recent TV interview conducted on Phoenix Hong Kong Channel has been widely disseminated on the Internet and WeChat. He says, "You can set a smaller goal at the beginning, for example, to earn 100 million yuan. Then, you can set it higher, say, 1,000 million and finally 1 billion yuan" (Fenghuangwang, 2016).

In 1879 Kang Youwei was filled with emotion when he saw a stunning view of the cosmopolitan city Hong Kong. In the 1980s, more than 100 years later, Wang Jianlin was similarly moved by the prosperity of Hong Kong. Kang was determined to change China's poverty and its lack of economic growth. Wang had the goal of pulling himself out of poverty. Interestingly, they wanted to achieve the same ultimate goal by different routes.

When the reporter on Phoenix TV asked Wang about his basic motivating force, Wang answered that his initial goal was to have a better material life. He told the reporter that he took advantage of government measures that encouraged officials to go into

business. He set out to earn 100 million yuan and hoped to retire early. But very soon he had achieved this target. Next, he decided to get out of Dalian, the city where he started his business, and make his company to become a national enterprise. Now he has set the objective of developing a first-class transnational enterprise, with a target revenue of 100 billion. Over-60 entrepreneurs like Wang are part of a generation that grew up in poverty. In their childhood cries were heard everywhere, parents beating their children due to the stress of living. Everyone was struggling just to make a living. For these people, to harbor the ambition of owning a house and earning a lot of money as a lifetime goal is understandable. Coming out of a situation of great hardship, Wang is an example of those first-generation entrepreneurs who expresses similar strong sentiments.

Wang said that some foreigners, as well as the Chinese generation born in the 1980s and 1990s, are criticizing China for not being open enough, for having numerous problems. He considers this way of thinking to be improper. He stressed that, especially for those who have personally experienced China's transition to opening up, from small steps to bigger strides, the progress made by the country is tremendous.

Reflecting on the public discourse before the reform era, we can observe a tendency to adopt the standpoint of denial of basic human desires. Money was seldom seen as a concern—a phenomenon, some would argue, that relates to unscientific ideals about economy and a view of human nature premised on just such a denial (Hong, 2004; Osburg, 2013; Shapiro, 2002).

Others suggest that before the Cultural Revolution, the Chinese people were still seen as upholding basic ethical principles, following an ethical traditions that begun thousands of years ago (Zhang, 2016). They like to be *junzi* (superior person) rather

than a small person (*xiaoren*), as Confucius says the small person is attached to money (*xiaoren yuyuli*). Being overly attached to money is often regarded as *xiaoren*. According to Confucius, "one who does not know his own fate has no way to become a *junzi*" (*The Analects*). A traditional Chinese person would not strive unduly for a goal that he is not destined to achieve, but would be content with his own fate and destiny. Between *junzi* and *xiaoren*, there is a term called pedants. Wu Yu (1921) refers to "pedants" as being ignorant of worldly affairs. He considers that pedants are nonetheless superior to those hypocrites who have set their minds on wealth and profit.

The far-reaching discussion about the meaning of life initiated by *Chinese Youth* in the 1980s is of significance in the modern Chinese history of thought. "Let the self be subjective, but to others, be objective" (*zhuguanweiziji keguanweibieren*) became the dominant value during the years following this discussion. Over the past decades, "socialism with Chinese characteristics" was gradually replaced by "capitalism with Chinese characteristics" due to the widespread access to consumer goods. Managers seek satisfaction through consumerism with a Chinese face. As Ci (1994) put it, "in hedonism, a spiritually exhausted people found a pursuit in which the spirit did not have to participate" (p. 11).

Zhang (2016) emphasized that today people are blind to all but their own interest. People became self-interested animals without a bottom line. Since the reform era, the economic component has become ingrained in the process of accumulation of wealth, power, and status that is regarded as the major part of personal achievement (Osburg 2013; Yang, 1994). After several decades of rapid economic development, the phrase "rich and bitch" (*youqian jiushi renxing*) is understandably widespread on the Internet. Maybe today *zhuan chi* (earn-eating) is no longer a problem, but human desire is a new one.

The Confucian philosopher Mencius asserted that the desire for food and sex is a part of human nature (*shise xingye*). Although this saying has multiple interpretations, managers tend to use it as a principle in support of their daily behavior. It assumes that human is basically animal-oriented, and living for physical desires such as sex and food is the major content of a person's life.

In the reform era, achievement in its material aspect is also emphasized by the government's economic policies. For example, the China Securities Regulatory Commission (CSRC) selects enterprises suitable for IPO, the criteria being the growth rate of revenue and profit. As the government policies support and encourage a stronger private economy, to be richer and stronger naturally become most cherished goals of many firms. Local governments regard GDP as the only indicator for their performance. Following the government's guidance, many firms are merely seeking a high growth rate for revenue and profit. The rate of growth is used as a reliable indicator of a company's health. Also, to live a better material life (*guodehao*) is the ultimate goal for most individuals and families in Quanzhou.

The view that an enterprise should focus on the material aspect of development through expansion, and increasing the firm's productivity is consistent with the self-interested *homo economicus* and Weber's rational instrument (Zhang, 1997). The basic assumption is that the human is by its animal nature characterized by greed and aggressiveness. The basic physiological need has to be met (Karlberg, 2013; Kluckhohn & Strodtbeck, 1961; Maslow, 1960).

The managers in Quanzhou employ a similar thought structure regarding the needs for survival. They adopt the attitude, either as owners or managers, that the essential principle required in order to survive is to be rational and to focus on the material

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dimension of their existence. Regardless of the way that managers show their wealth, survival as the first priority seems to be the dominant belief held by many informants. Although the Chinese GDP and economy are growing in a spectacular way, as indicated by the new leadership, especially when compared with the economic growth rate in the Western and developed countries, our managers are often confused about what the real development of the country consists of. By acting on the—conscious or unconscious—reasoning that the human being is living in the realm of the animal world, many managers give themselves over to banquets, karaoke, teahouses, playing cards, gambling, or entertaining mistresses.

The government's stated intention is to transform the nation from an investment-driven economy to one with greater focus on cultural consumption, advanced technology, and a strong knowledge base. The current situation, however, seems to be tending in the opposite direction. The new generation of managers, moving beyond the basic struggle for economic success, confronts deeper questions of personal meaning.

4.3 Family

The theme of family was another one that was clearly dominating my conversation with the informants. Informants stressed family responsibility, seeking to enhance the family well-being by looking for a better job or increasing their personal wealth. The phrases *tou jia* (the head of the family), *yangjiahukou* (bring home the bacon), and *yidengnanrenjiawaiyoujia* (the first-class man has another home away from home) were frequently repeated during the course of our conversations.

I set out to explore the following questions: When the concept of family is introduced, what do managers think? To what extent are managers concerned about family life?

Do managers see family as an emotional comfort? Is the purpose of life to glorify or honor one's family? What is the power structure of men and women, in both family and organizational settings? Do managers cultivate an attitude of male chauvinism or domination, manifested as inequality of men and women in the organizational setting? Is family a concept they use to organize their enterprises?

Through these interviews I endeavored to obtain a clearer picture of how managers interpret the concept of family. The following sections attempt to describe the nature of this concept in managers' thought systems, its relations to managerial behavior, and how managers are organizing their enterprises under the shadow of the family concept.

4.3.1 Let the Boss Make All the Decisions (*Toujia Paiban*)

The first enterprise I visited in Quanzhou was JL. The VP of the company, Liu Jun, guided me around the company. He called the boss the *tou jia* (the head of the family), who makes every decision regarding family and enterprise matters. Liu Jun told me the story of his boss:

> Our *tou jia's* home and the company office were not separated for a long time. This is very common for the first-generation owners. Even now there are still several buildings within the company premise for his brothers and relatives to live in. He always brings his family members to the company's office. Sometimes he brings more than ten family members onto the premises. This habit of our boss will not only give a bad impression to outsiders but also interferes with the normal operation of the company.

The majority of my informants agree that decisions are in the hands of the boss, even if he doesn't have relevant knowledge to make such decisions. In spite of this, bosses regard themselves as the center of power, authority, or wisdom. By contrast, employees are often thought to be backward and unknowledgeable. Many informants agree that the boss has the absolute status and power. However, they complain that they cannot express their feelings, opinions, or ideas freely. Even among managers, they keep a

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certain distance from each other. But superficial harmony (*he*) has to be maintained. Zheng Xin told me:

> We are working in private firms. We have to follow the boss. Sometimes I am confused because, even if I have professional knowledge I have to follow the boss without any opportunities to express my own ideas and contribute to the process of decision-making. He always gives absolute orders. Nothing can change our boss's mind.

Many informants take the same view that if there is no consensus, they will let the boss make the final decision. The doctrine of *wulun* (the five cardinal relationships) and high power distance is the basic structure of the relations between the boss and employees or managers (Li, 2013). In the boss's eyes, those who do what they are told (*tinghua*) are good employees. Guo Yi told me:

> I have to make the decision regarding all the matters related to my firm. In a word, they just follow what I say. Those who don't want to follow me (*butinghua*), I will let them leave the company.

The absolute power possessed by the boss has its relation to the traditional structure of the Chinese family. In a traditional Chinese family, the parents have absolute authority over their children. Some informants held that to be a good parent one must never be afraid, at the appropriate time, of administering your parental authority. Ding Hua said:

> My wife and I have different opinions regarding children's education. I believe in *gunbangdixiachuxiaozi* (spare the rod, spoil the child). So I am very strict with my son. I would demonstrate my authority in front of him. Nowadays parents are bringing up their children too leniently. We need to increase the degree of parental authority.

Some old-generation managers believe deeply that children need good guidance and discipline from parents, and spanking has the potential to do more good than harm. Wang Qi explained to me:

> Historically, various famous people throughout history had strict family rules when their children were growing up. These rules have proven to be effective in

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the process of children's growth. Zhu Xi and Zeng Guofan are two well-known examples of strict family rule precepts. As for educating my own children, I will hit them. Beating my own children is fine as we are in father-child relations.

The pattern of family life can be seen in organizational settings. Some owners rule their companies with a considerable degree of paternalism. Managing as the head of a family can be seen in many managers' responses. Chen Jiang He, a Chinese businessman, takes the view that traditional bosses tend to select people according to certain standards, and this has become the obstacle for the company to develop into better one. He indicated that some owners are only keen to recruit people who are *tinghua* (obeying what they are told), who don't create trouble, who follow commands readily, and who are less capable than the boss himself (Chen, 2011).

There are some who argue that the Chinese society still has a strong idea about hierarchy and power distance, and much evidence of this idea can be found in the informants' responses. Some managers believe that to maintain authority, especially in front of their subordinates, is necessary. Some informants suggested that there needs to be a significant breakthrough to their company atmosphere which can result in the managers being able to propose valuable advice to further strengthen ties between the owners and the managers. Shao Sheng said:

> Organizational reform has become a norm in business today. The key is the match between thought model and realization. If anything goes wrong after the introduction of managerial transformation, it is the execution problems of "top leaders." The way of thinking and behavioral habits—for example, insulting subordinates, trusted individuals being used in the procurement business, or bypassing the predefined operation standards—cannot be changed easily. Those managerial best practices seem to make perfect sense, but most of the time owners don't want to proactively work on correcting it. Some owners don't want to take the risk. Also, there are no ways for them to gain such insights. Whether organizational change will be successful or not is largely determined by the owner of the firm.

Most owners still decline to reform their thought systems. Xie Jia told the story of learning from a consulting company:

> One day we had a meeting with the consultant. One of our managers reported on the work of his department. He pointed out the faults and mistakes of other departments, superiors, and external parties, seemingly to protect himself from accountability. I was very angry and stopped him. I asked him then what's the problem of his department? I said if his department has no faults he doesn't need to report here. The meeting was suspended. The project manager of the consultant firm was unhappy. He broke into a run in my office and told me, this is not the right way to talk to my employees. He said I am the coach, rather than judge. For a coach, if athletes make mistakes, he needs to accept it rather than criticize them. Otherwise, how can they make progress? I could only apologize at that moment. I often reflect on this event. I think many entrepreneurs know what the problems of managing are, but they don't have the determination to change the way of thinking, seeing, and behaving. Hence their behaviors remain the same.

To be a manager or to be a director

Nowadays, many middle managers expect that they will become directors in the future, in charge of their company's financial, operational, HR, marketing, or R&D issues. To them, being promoted to a director-level position means becoming a real leader, with the authority to decide on big issues in terms of the company's development. Zhou Hua said:

> I like being in my current position as a general manager, in charge of a division of the group. It is a platform for me to implement my own ideas. I was in the position of HR manager for many years, which was just to serve other departments, and what you have achieved cannot be measured directly. As a general manager of a division, I can make decisions by myself. It is easier to see what I have achieved through the measurement of turnover and profit. I have the final say. The team has to follow me.

Some managers have a feeling of superiority, due to their position, connections, or social circle. Some high-ranking managers demonstrate more aggressive behavior and management style. They prefer tight control and sometimes they use the tool of punishment. Huang Zi, the General Manager of a listed transportation company, said:

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Sometimes you have to scold front-line employees. This is my way to manage them. If you use a kindly tongue, they would not follow you. The more strictly you communicate with them, the more effective your management will be.

Such behavior has to do with the traditional value of *wulun* (the five cardinal relationships), filial piety, and paternalism. All of these concepts are based on the dominating nature of a traditional family. As only a few people can be promoted to such positions, many managers are competing through taking part-time courses or building relationships. Lai Chang, the Finance Manager of a listed company, told me that he is trying to become a VP or a CFO in the future. He said:

A good soldier should have the ambition to become a general. Many of my classmates are in VP positions. Over the course of our careers, we enter numerous competitions. So many people are vying for those plum positions. I think an advanced degree can help me get promoted or move between industries. Currently, I am taking CPA exams and a MBA degree.

Also, to be in a higher position also implies more power and personal wealth. Many informants feel that the relation between executives and employees has an economic component. They see being promoted to a VP position as a way to have real leadership, authority, and decision-making power. A group of employees hence will follow their leadership for a number of reasons, but mostly for the sake of their own financial security.

However, in some cases this situation has become an obstacle in the way of building a centralized and unified organization. Many managers believe that the danger lurking in the VP positions is that they tend to breed corruption and sectarian strife. The bureaucracy is so entangled that it results in too much internal power struggle. Shao Sheng said:

The root cause of this is the disunity among people. If there were several VPs in a firm, all of them would have a say in major decisions. A major reason for many

enterprises' low decision efficiency is their divided leadership. Although this is a typical issue in SOEs, some private firms also have this phenomenon.

Some entrepreneurs take the view that China's private companies have advantages that state-owned companies lack, such as a highly efficient decision-making process. Many owners believe that firms work best when the founder takes the dominant position; he decides on the rules for the firm and the employees follow him. In order to avoid the central leadership being splintered, some companies therefore decide not to establish VP positions (Zong, 2016).

In Quanzhou, the bureaucratic organizational structure is widely used. Traditionally, the style of Quanzhou bosses has always been to listen to reports. Rather than promoting a highly efficient decision-making process, the strengthening of the power of the central leadership in the firms causes serious drawbacks. The structure doesn't embrace relatively independent subsidiary systems and strict professional rank divisions.

Some managers, instead of being grateful for having a top-notch employee, conceive their subordinate as a potential threat to their own position if a subordinate is perceived to be more capable, more energetic, or smarter than they are. *Ting hua* (obeying what they are told) is a characteristic more highly valued than capability. The relation between owners and employees is like that of teacher and student, expert and layman, knowledgeable and ignorant, or master and apprentice. Most firms impose a more traditional management structure, with schedules for intensive technical training and regular performance reviews.

This to some extent resonates with the paternalism and hierarchy of the Chinese social structure. Just as the head of the family has to be responsible for its well-being, similarly, in a firm the boss is expected to take the full responsibility for the

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development of the business and all of its employees. It is assumed that the firm is a family, and principles used in running the family—whether consciously or unconsciously—are applied in the organizational setting of the firm. But they would readily subscribe to the principles of bureaucracy and use this model of management to justify their paternalistic managerial behavior and to dominate and control their employees.

4.3.2 Bringing Home the Bacon (*yangjiahukou*)

Yangjiahukou means to nurture one's family. It is perceived that household spending in Quanzhou has increased dramatically in recent years. One informant told me that, in his estimation, the annual expenditure for an average family in Quanzhou is about 300,000 yuan. Regarding the details of household expenditure, Chen Jin explained:

> Once your quality of life has reached a certain level, you cannot go back to the low quality life. Take for an example, the spending of a middle-class (*zhongchanjieji*) family annually amounts to 300,000 yuan. For example, clothing for a family is 30,000 yuan, eating in restaurants is 30,000 yuan, spending on a vehicle is 30,000 yuan, and giving a monthly allowance to parents is 30,000, among other things. This is the financial burden of a middle-class family.

Xie Jia is among those who are able to afford such expenses. He has bought nine apartments, including one for his wife's parents, another for his own parents, and the rest as an investment. He always brings his family members, including his parents and his parents-in-law, along to restaurants, hiking, biking, parks, or the theatre. He also gives a monthly allowance to both sets of parents. Xie Jia said:

> Economic condition in a family is very important. If the family is rich, it will solve all major conflicts among family members. Our family has been in harmony as we have had a very good financial condition for a long time. All of them are satisfied and we keep harmonious relations.

Other managers who are not high wage earners have to work very hard in order to reach a comparable quality of life. Lai Chang said:

> We are just average income earner and our capacity is limited. We cannot have an impact on the society as a whole. What I can do is to earn more money, get along well with my family. Making money or attaining material achievement is the only means I can use to compare with my friends. I was born in a rural area. I hope my family will become more harmonious. I obtained my master's degree. We have a house and a car. In the eyes of others, these are visible accomplishments. I am satisfied with our family's situation. Nevertheless, I still work day and night because our family would be despised by others if we do not have money. As I am the eldest child in our family, I need to *yangjiahukou* (bringing home the bacon).

Many managers are struggling just to balance the conflicting demands of work and family.

Some female managers complained that more and more parents don't take the responsibility of caring for their children. They want to avoid being disturbed by their children or have no time to keep their children company. Hence the Internet and video games have been regarded as the cheapest nanny. Shi Li explained:

> Today the pace of life is increasing with technological advancements. Children play games all the day. Mental health problems affect so many of our kids. I would like my child to be a person with positive energy, being able to contribute to society. This is the small effort that I can make.

Although Shi Li has recognized the serious situation of children education, the reality is that she has to sacrifice her family time in order to earn the bread (*yangjiahukou*). She has to work hard to support her family. I can see a contradiction in what Shi Li had to say, as she also expressed:

> My previous jobs were all high-pressure so I am quite used to working in that kind of environment. If I have a long vocation, I don't know what I can do. It is a waste of time. To be with the family for a long time, valuable time for work will be lost. Each time after a long vocation, I get excited when I go back to work.

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When I asked her "Who do you most admire and why?" she mentioned Dong Mingzhu, who is a famous Chinese entrepreneur. She is the president of Gree Electric. Dong seems to be a workaholic with a real drive for business achievement. It is reported that Dong married soon after graduating from university, but was widowed when her son turned two years old. She has not married since, stating that she values her independence and that when married "you have responsibilities toward another person" (Tatlow, 2011).

Yang Lan, one of China's most prominent media figures, said that since the market and society have not prepared for female leaders, such women have to pay a "200% price." However, their sacrifice is so that the next-generation female leaders do not have to pay such a price (Yang, 2013). Dong said the reason for not spending time with her son is so that she can provide better conditions for his future development. She wants her son to be financially secure. But this means that she has to carry all the problems on her own shoulders, and sometimes she feels sorry that she does not have a real partner in life, with whom to share these worries (Yang, 2013).

Liu You is the Accounting Manager of a sportswear firm. While the company was preparing for IPO, she worked day and night. This situation lasted for years. During the process of the IPO project, she was very stressed. In terms of how to reduce pressure, she said:

> I have to go home. I feel relaxed immediately. I'd like to stay in a private room and meditate. This helps me a lot. Otherwise I cannot survive anymore. So in these modern times, we need our small community of women mentors, to embrace us and empower us. Yet they are probably dealing with similar issues such as work stress, financial challenges, relationship problems, or family discord.

Wu Mei is rich second generation and is the Vice President of a listed leather enterprise. She told me:

Since our enterprise began the IPO process several years ago, I have been buried under piles of paper day and night, as I am the company secretary. I regret that I have missed the time to be with my daughter. Sometimes I bring her to my company. She has to play in my office by herself. But most of the time she is with my helper. I have to spend a lot of time on our family business. I have no other choice.

How to balance the demands of home and family with those of the workplace seems to be a bigger challenge facing professional women. In China, wives go out from the family to serve society, however, their heavy housework is not lessened, which leads to issues of family and work conflicts. Professional women like Shi Li, Wu Mei, and Liu You are all facing such challenges.

Some male managers also face the work–family conflict. Lin Jin's enterprise is in the real estate industry. Due to the different locations of land the company has acquired, he has to travel frequently. He said that sometimes he only goes home once a month. As a first-generation entrepreneur, Chen Xing sounded very depressed when he said:

What a big deal it is for those living in a mansion in cities such as Guangzhou and Shanghai, or even in our very own city Quanzhou. People are living under so much pressure. Many places in China are still very poor, like Yunnan, Anhui, and Sichuan. We see their geographical remoteness and poverty. But they grow sweet potatoes and their own vegetables. In fact, they have strength due to their poverty. They won't be upset if the house is shabby. Sometime, many old men would sit down for a drink. Sometimes they go out for a walk. They are contented with the village life. They are living happily. They feel comfortable. On the contrary, people living in the coastal area are never satisfied. You see the beautiful house. They have everything in the home. But they are not happy at all.

Evidently, the family structure in modern society is evolving according to practicality, causing the transformation of family functions. In this consumerism-oriented society, the traditional function of the family is weakened. There is less chance for the family to bring harmony and happiness. It is seldom used as a comfortable resting area.

The principle of *yangjiahukou* (bringing home the bacon) is sometimes applied to the company setting, especially for those entrepreneurs whose business is slow and problematic. They understand the reason for frugality and the pain entailed in creating hard-earned wealth. Traditionally, Asian family-owned businesses take a paternalistic approach to their employees. Employees are often provided with housing and utilities, as well as cash payments, as part of their compensation package. Employees will get extras or bonuses in times of need, such as in time of family member fallen sick or children's marriages. Enterprises would also tend to recruit new employees among the relatives of the existing employees. This makes such a firm a family affair among employees as well as among the owners. On-the-job training is conducted as opposed to formal training programs (Hipsher, 2010).

For Overseas Chinese family business, owners build relations with employees through the concept of family. It is the parent's responsibility to look after family members. The head of family has to make major decisions and to protect the whole family. To have a meal with employees becomes a platform or space to show the owner's kindness, to consolidate his status as a parent or the head of a family (Chen, 2011). In such cases where there is a strong relation between the owner and employees, the family/business functions as a shelter.

The traditions of overseas firms can still be found in some firms in Quanzhou. Shi Li's boss is from Hong Kong. Actually he was born in Quanzhou and in his early years he moved to Hong Kong. In the 1990s he came back to his hometown to establish his business. The principles of his management are similar to those of many overseas Chinese businessmen. Shi Li said:

> When the business was established in Quanzhou, it was very small. We only had a few people. Our boss was kind to all the employees. He had meals with all staff,

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regarding them as members of a family. After work we had dinner together and then went home. Gradually, the business expanded and the boss still often had meals with the employees, offering them good dishes. He was generous and didn't care about how much he spent on his employees. Now he still keeps this tradition and invites employees to have a meal during the major traditional festivals or company celebrations. He will also have meals with new employees and employees who are leaving the company.

Most of the employees regard this enterprise as a family. They work hard, as our boss looks after them and is concerned about them. They feel safe and happy. They prefer to stay with the firm even they can get a higher salary from other enterprises. Hence, for most of the managers, their length of service is more than five years and that of senior managers is more than ten years. Job opportunities are always offered to internal employees first before they are given to outside candidates.

In other firms in Quanzhou, I did not observe such relationships during my fieldwork. In most of the cases, entrepreneurs were concerned more about cost control and budget implementation. *Qinjianchijia* is an old and venerable doctrine that Quanzhou merchants are upholding; it means to be industrious and thrifty in organizing one's family. Some managers have the idea that their bosses want to save money and reduce expenditure. There have been situation whereby the owners themselves are looking after the procurement function. In this situation, people-first management still remains at the slogan level, and no practical progress in this direction has been made in many enterprises. As Ding Hua pointed out, *renqing* (sentimental connections) that were part of the traditional family business are not applicable nowadays in Quanzhou. Chen Xing told me:

A piece of cloth is enough. I just think people buy too many clothes. In 1978, when I was fishing in the sea, my fishhook caught a pair of old jeans. I wore them for three years. I think nobody would want them now. I told my son that we should run all undertakings industriously and thriftily. I eat simple food like soya bean milk, fried dough, and a rich bowl of congee (a rice porridge). The phenomenon of severe waste is everywhere. We waste food and money all the time, just because we want to save face.

This concept of saving can be found in the company setting. Wang Zhenghua, the Chairman of Spring Airlines, is quoted as saying: "The low-cost strategy is inspired by my mother's teaching: that is, money is not earned, but saved. Many general managers' offices are several times larger than mine. They seem empty and of no use. For most of the furniture in office, I have been using them for nearly eight years. The sofa I bought for 100 dollars. It is 20 years old. I regard every cent as a fortune, even a piece of paper" (Wang, 2015). But Wang spends a lot of money on human resources and safety of enterprise operation. He adopts an overall cost-led, competitive strategy model (Porter, 1985).

Wang Zhenghua took a low-cost leadership strategy to enlarge the market share of his firm and also made profit through economies of scale. His success was due to industry and thrift, following his mother's precept as quoted above. By contrast, in Quanzhou, some owners adopt the cheapskate strategy. They also consider low-cost operation. The idea of *qinjianchijia* (to be industrious and thrifty in organizing one's family) became a part of his business management concept. But it has narrowed to mere profit making and leads to tight budget control and as a result, product quality was compromised. They have not been able to use *qinjianchijia* to organize the company without cutting expense on human resources and safety of operation.

They save money by reducing the cost of managing people and quality of products. Liu Jun told me:

> Please don't buy processed food in Jin Jiang, especially pastry. You cannot imagine how the food industry saves money. The pollution of water in Jin Jiang is very serious. Water is contaminated. The soy sauce producers have to use several tons of water every day. It is obvious that they have to use groundwater. That water is not allowed to be used in production according to governmental regulation. This is the price.

A few managers take the view that bosses treat employees in a strict way, characterized as greedy and mean. Liu Jun told me the story of his boss:

> Actually, the boss doesn't want to spend money on employees. One example is that when the company was going to have a company dinner, he purchased drink and seafood himself from the market. His intention was to save money, as ordering dishes directly from the restaurant would be much more expensive. Our boss has a designated restaurant for entertaining business guests. He always chooses *dapaidang* (cooked food stalls), as they are cheap. Although the dishes are tasty, the environment and hygiene is not so nice. I think it is not appropriate to treat guests in the noisy *dapaidang*, for these open places are too simple and shabby with only a row of tables and several chairs.

When talking about this, Liu Jun's emotions were a little out of control. He used a tone of contempt.

4.3.3 "The first-class man has another home away from home" (*yidengnanrenjiawaiyoujia*)

Ying Chou (business entertaining) *and little third* (mistress)

When I was having dinner with Wang Xiang and Dai Yi in Wang Xiang's *dapaidang*, Dai Yi brought up the topic of sex. Dai Yi is the owner of a rapidly expanding business. As he has established offline stores in a city of another province and his family lives in Quanzhou, he has to go back and forth between the two cities. He told me:

> Frankly speaking, I think in your interview questions you have missed a very important topic—sex. I would suggest that you add this topic. You cannot avoid this topic if you want to know more about managing. It is useful for you to understand the lives and thinking of Quanzhou managers. Through the interview process I feel you are bookish and look like a scholar. Also, I think the interview questions are too formal.

Dai Yi expressed concern about extramarital relations and men who have *xiaosan* (little third, a colloquial term for "mistress") in today's business environment, and especially about the impact on marriage and family. When I suggested that we get

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connected via our WeChat accounts, however, Dai Yi showed a different face. He told me mysteriously that his WeChat account is for special use only.

After my conversation with Dai Yi, I did adopt his suggestions and adjust my interview strategies a little in order to learn more about the story of managers. I tried to discover ways to build rapport and trust with interviewees, such as showing interest in their topics, actively listening to their recommendations, and to understand their position. Over dinner, Wang Xiang told me:

> Many businessmen have extramarital relations. My classmate Zhang Shu is in prison now. He has a teenage son. In order to maintain the relationship with his clients he often has to *peikehu* (take care of a client). During a dinner with his clients he met Ms. Jian, a journalist from Beijing. Zhang Shu was drunk on that day. Afterward they got acquainted and had a close relationship. One day Ms. Jian told Zhang Shu that she was pregnant and asked Zhang Shu to pay her a large sum of money. Zhang Shu didn't admit it and did not pay any money to her. Ms. Jian then sued Zhang Shu in court for his misconduct. Maybe she had some evidence and Zhang Shu was finally put in the prison.

Through attending several banquets, chatting with some managers in teahouses, and conversations during an outing with four friends, I learned that many business owners and managers did a lot of fooling around with mistresses when the money was free flowing. This was particularly the case a few years before the anti-corruption campaign launched by Xi Jinping.

Business entertaining is taken for granted in a manager's daily life. Many managers have to spend time on "business entertaining" (*yingchou*), and this becomes their common excuse for late nights out with girlfriends. Guo Yi has an agreement with his wife:

> I tell my wife that I will stay one night at home once a week. The other nights I have to put my business in priority. Entertaining clients is part of my job. Sometimes I have to drink a lot [alcohol]. I am not sure if I can go home or not.

Once I was sent to hospital in a banquet because I drank too much alcohol at that time.

The problem comes when a few managers use this entertaining as an excuse for late nights out or even vacations with girlfriends or mistresses (Osburg, 2013). Xiao Pei, the owner of a trading firm, often has fights or arguments with his wife. He has his own trading company. He often *peikehu* (taking care of a client), takes care of clients, at night time and goes home very late. His wife cannot accept this situation and often argues with him.

Some managers see family as their burden. Too much time spent on entertaining managers in general also contributes to today's high divorce rate in China and problems with left-behind children (*liushouertong*). One informant told me that divorce in Quanzhou is becoming more and more prevalent. The bosses' lifestyle is about impressing their friends or bringing their "little third"; it is about having 'face' in front of others.

There is a double standard in the existing public opinion on this matter, whereby women often get blamed for extramarital affairs—no matter if they are the wife or the mistress. The men, on the other side, are often perceived as guiltless. Even if the husband is found to have cheated on his spouse, the females are held responsible. People often blame the wife, saying that she apparently "did not take good care of her husband" or otherwise he would not have had an affair (Manya, 2016). The idea that the husband should be the main breadwinner and the wife should take care of the family is still the mainstream opinion in this city.

In some cases the wives demand that the husbands hand over their entire salary to them so they can ensure the husbands stay faithful in their marriage. Li Jin said:

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There's a saying *nanrenyouqianjiubianhuai* (men will turn bad if they have too much money). I hand my salary to my wife every month and she arranges for how the money is used. My wife handles all the finances and gives me *linghuaqian* (allowance).

Sometimes the structure of the family determines who controls the purse strings. A 2012 HSBC report found that 63 percent of Chinese women play the dominant role in money matters at home. This is well above the international average of 53 percent, the bank found in a survey. In fact, many would-be wives make it clear before getting married that they be given the job of handling the money, or else they will not agree to the marriage (Han, 2013). Many Chinese men willingly relinquish their wallets because they want to let their wives to feel a sense of security.

When a family is breaking up, people tend to believe that choosing to stay with the father is a wise decision, as he will offer a materially comfortable life to the daughter and she will not become the mistress of rich men. Yang Qing is my high school classmate. He is the founder of a construction firm. Over a banquet with high school classmates, with his mistress sitting beside him, he said:

> I was the first to get married among my middle school classmates. I am also the first one whose marriage broke down. When I was divorcing my wife, I decided to keep my daughter living with me. As people say, you should raise a poor son, rich daughter (*qiongyangerzi*, *fuyangnv*). After my divorce, I sought custody of my daughter. The daughter has to be raised by the divorced husband. If they follow the mother, the economic condition is poor, and the daughter will be attracted to the rich men.

I guess that one of the reasons for Yang Qing's divorce is his business. There is too much *yingchou* (business entertaining). Some classmates told me that he comes to Xiamen every weekend with several younger generation local officials, staying in the same five-star hotel, playing in nightclubs. They often drink alcohol until the early morning and return to the hotel to sleep. Regrettably, Yang Qing died four years ago due to a stroke. The booming economy in the immediate past confer upon many men

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the financial clout and disposable income to support another lover. During a banquet, Yang Yi told me:

> I often invite Huang Xian to go to KTV and saunas. Sometimes Huang will go to KTV two to three times over one night. Huang has married five times and divorced four times. Each of his divorced wives was given a house and a sum of money in the divorce agreement. He currently takes an almost immediate liking to a woman he has just met. He must have lots of money, otherwise how could he give a house to each of his previous wives.

All these events indicate that the essence of a family is being redirected towards something far from traditional values, or the core concept of a traditional Chinese family.

Many managers take the view that entertaining officials or business partners is a necessary part of their work, which to some extent reverses the power hierarchy between bureaucrat and businessman (Zhang, 2001). Although some wives complain that their husbands are always going out to take care of a client (*peikehu*) or do business entertaining (*yingchou*), both husbands and wives accept this as a normal part of business life. Some wives take the view that the man who comes straight home after work is good for nothing. Wives encourage their husbands to be involved in entertaining with clients or officials. As a result, the wife's attitude allows managers to spend time with their second wife or with a mistress. For example, Liu Li supports her husband to entertain at night time. And some female managers also have to *peikehu* or *yingchou*. Ye Li, the owner of an import and export company, takes the view that entertaining is very normal. She always gives money to her clients directly, so that they can have fun in nightclubs.

Business hotel waitresses who are seeking sponsorship

The prevalence of extramarital activity is increasing all the time is closely related to rising standards of living. But when it comes to extramarital relations, it takes two to tango. Who are the women who are involved in such situations, and what is their motivation? A few informants suggested different means of personal accomplishment for a better material life. A stable work situation, comfort, and material well-being are the key points in these young women's views about the purpose of life. Yan Shu works as the Section Head in the front office of a five-star business hotel. She told me this story:

> Although our hotel is a high-end business hotel, the employee turnover rate is quite high, especially for those who work in the Food & Beverage Department. It is known that the motivation for these waitresses to join the hotel is to be taken care of the rich businessmen. They are attractive because they are young, beautiful, and with a certain level of university education. Most of the clients of the hotel are enterprise owners or senior managers from big companies, who are both rich and "cultured." After being "nurtured" by these rich people, waitresses normally will resign from their job. Sooner or later, they will have houses, cars, or go abroad.

Osburg (2013) described a similar story. His friend, a manager in a high-end hotel in Chengdu, Sichuan province, told him that the turnover rate of the hotel was very high, as young waitresses were seeking nurturing from rich men, expecting to be provided with a monthly stipend, housing, car, luxury bags, and so on.

In my fieldwork in Quanzhou, it was common to see senior managers of listed companies entertaining in nightclubs (*yezonghui*), where they make friends with sex workers. After they get acquainted, a sex worker might become the manager's second wife, being provided with a monthly stipend, housing, and clothes. That being said, the concept of "marrying up" is now prevalent in China. These days, a man may get rich from his business. Many young women of low social and economic status are willing to be kept as mistress by these wealthy older men. As an impact of economic

reform, traditional moral conception and modern moral conception are now on a collision course.

4.3.4 Managers' Thought Structures

Traditional Chinese moral education in families was the foundation of moral education in the whole of feudal society (Luo, 2016). Over the course of history, the Chinese have always incorporated the concept of family, especially kinship thinking, into their social life. Family was the core of everyone's life. It was regarded as a harbor of refuge, a shelter based on kinship relations (Chu & Yu, 2013). Family businesses, while not free from self-interest, tended to use family as an opportunity to organize and run their business so as to build relations, and to consolidate the status of the family. It is indeed suggested that family values were stronger in Asian firms than in America and Europe, and that this partly accounted for Asia's economic success (Han, 2003).

According to my fieldwork, however, it would appear that the idea of family being a refuge, harbor, or shelter is today being replaced by the play of power, money, and status within the space of the family. The traditional Chinese family kinship thinking is faced with a daunting challenge. Obviously, the concept of harbor will never be the mainstream one in today's China. As such, do managers in Quanzhou still treat family as a shelter? The fieldwork suggests that the focus has shifted towards a new paradigm of utilitarianism or pragmatism. Sometimes this causes severe inner conflict for managers. Although family is still an important concept in their mindset, unconsciously it is evolving to a new pattern.

Many managers are trying to keep their family harmonious. Some of them feel compelled to lay a family foundation, and hope that the family spirit will be strong and carried into the future. They think that they have never stop caring, worrying, and

being concerned about their family. A female manager may feel especially tied to her family: she is the mother of young child and a housewife who runs the household and family, while still trying to succeed in a career and myriad other duties. All these issues can be summed up in one big dilemma: family or work should come first?. The reality is that the spiritual ties among family members are gradually disappearing. The traditional family notions, functions, and concepts are changing rapidly in this modern era. Family spiritual ties tend to have a mere nominal existence.

In an era when parents have less chance of remaining connected and intimate with each other and their children, family may become a burden or a concern in a manager's mind. It is also no longer the case that managers are structuring their management around the historical core principles of family. But one thing is obvious: Family bonds are increasingly being based on economic connections.

For running their business, or for managing policy implementation, many companies prefer recruiting insiders for core positions such as procurement and finance. If starved for talent and no family members can be used, they will then consider using kinsmen or close friends in key positions, based on the economic benefit to the company as a whole.

The strategy of managing is characterized by a shift toward a more paternalistic work culture, where the power hierarchy reflects traditional family relations. In such a culture, employees act as they would in a filial family role. Family obedience and the value of *wulun* (the five cardinal relationships) teach employees to close their mouth in order to avoid saying something inappropriate. Face saving is also an obstacle for employees to express their ideas freely. In front of their superior, they try to behave in a modest way, so as not to embarrass others. In some cases, employees will show their

ignorance or act as if they are confused even though they already have their own answers. Not to stick one's neck out is a doctrine that is ingrained in the intellectual framework of some managers.

Ingrained in managers' mental model is the belief that to be a person with responsibility (*youzerengan*), especially for the family, is an unquestionable and unshakable one (Osburg, 2013; Smith, 1897). While the interviews with the managers had revealed that they have a strong attachment to material achievement, it is important to note that such attachment originates from the traditional mode of thinking: to glorify the family (Wilson & Pusey, 1982). *The Wealth of Nation* by Adam Smith, while exploring the fundamental ways for the state to accumulate wealth, discusses people's motive to seek wealth, that is, self-interest. This self-interest in China is often centered on ensuring the happiness of one's family through bringing to one's home economic benefits (Fei, 1992).

In the reform era, much burden is put on men's shoulders concerning *yangjiahukou* (bringing home the bacon)*,* ensuring that the rising family expenditure is being taken care of. Responsibilities include sufficient money for children's education, marriages, buying houses, or going abroad. The traditional idea of women (temporarily or permanently) setting their careers aside for family reasons seems also to be changing. Large numbers of females have emerged from their home to start their career and do not show any tendency to return to the traditional role of home-makers. Once the floodgates of women working away from the home were open, they could never be closed again.

More women have reached the pinnacle of power in firms in recent years than in any other time in business history. Their example has shown that, in general, women

leaders can be hard to be differentiated from men. The mass migration of women out of the home and neighborhood into jobs is ubiquitous, including in this traditional city Quanzhou. This is not to say that women owners, managers, and employees have entirely set aside their traditional roles, concerns, and responsibilities, and as elsewhere in the world, their lives may be characterized by having problematic multiple foci.

A further effect of the reform and door opening policy has been that the Western view of individualism and consumerism has impacted managers' way of thinking. To have good cars, bigger houses, and other forms of personal wealth seems to be a major way to represent their social status, power, or competence. After the door opening policy, especially in the 1990s, "manager" became a term related to a comfortable working environment, a good car, a high salary, and being a leader (*danglingdao*).

To conclude, there is a trend, especially in this transition age, whereby the family has become a psychological burden and a concern for some managers. The findings of this study indicate that managers today only maintain a lukewarm relationship with their family. The main connection retained seems to involve their responsibility as a bread-winner. Is this relation a demonstration of the traditional concept of regarding one's family as a harbor? And, more profoundly, in maintaining such a meagre commitment, does the manager himself or herself feel sheltered, harbored? The answer is uncertain.

Unconsciously, the concept of family is translated into how one approaches managing and running a business. Once these principles are applied, the managers become the head of family, showing their power and status in front of employees. On the other hand, traditional concepts related to the family such as unity, friendship, kindness,

caring, family bonds, love, and affection have become very weak in this setting, and have failed to become solid organizational principles for the firms.

What, ultimately, can be said about family in the modern Chinese business setting? Most clearly, the picture presented by interviews and research is one of fragmented thinking about family concepts—a fragmentation which is then manifested in management principles. The trend is from traditional family's spiritual bonds towards behavior driven more by economic responsibility. In the managers' mindsets, this shift has been useful and effective. The owner tends to regard the company as his own family, as manifested in his domineering attitude and decision-making style. The shelter concept is decreasing and becoming weaker in this period. To some, family remains a burden and concern and this has great impact on managerial behavior. Further, in the managers' worrying and concern about their responsibilities towards the family and the economy of the family, the theme of family actually has fundamental relations with the theme of insecurity or anxiety, which will be discussed later.

4.4 Suspicion

Manifested in the stories of managers in Quanzhou is the tendency to 'open-up' the mind to suspicion. There is remarkable suspicion between the owners and managers, superiors and subordinates, locals and strangers, family members and outsiders, and company and business partners. To routinely suspect people's motivation, to see only selfish intentions in other's behavior, and to feel that one has been manipulated—these are signs of a culture of suspicion in the management setting. The fieldwork indicates that to a high degree the self-righteousness of managers reinforces their sense of suspicion. One result is that it has become difficult to build a team; additionally, there are obstacles for organizational coordination and synergy.

4.4.1 The Failure of YK's Talent Strategy

Kong jiang bing (sky troopers)

The principal concern for a family business is how to maintain its wealth for its future generations. But many family businesses have to solve a major dilemma first. On the one hand, the successor will do his best to retain the autocratic character of the current regime. But as an old Chinese saying goes, "The wealth of a family could not be sustained for more than three generations." Therefore, on the other, in order to sustain their business, the major challenge for the owners is how to attract and retain top-notch professional managers. *Kongjiangbing* (sky troopers) is a term often used by managers to describe talented new people joining a family business. Normally, these are individuals with good educational background and with experience in MNCs, respectable large enterprises. However, common sense would suggest some difficulties in the relationship between professional manager and the owners of family enterprise. The findings of my fieldwork tend to support this argument.

Many family firms in Quanzhou have been making an effort to attract professional managers. In the early 2000s, Lu Ying's company recruited a group of professional managers. They were introduced by one of Lu Ying's friends, one of the co-founders, who joined YK when it was established. One of the first *kongjiangbing* in YK was a General Manager. Shortly after his arrival, he hired the HR Manager, the CFO, and the Marketing Director. All of them were ex-colleagues in an MNC before joining YK. They implemented new policies and regulations and adopted aggressive marketing strategies which were practiced in that MNC. After two years' of operation under the new management team, the company revenue declined dramatically. "They spent

nearly 20 million yuan within two years, including administration, sales and marketing, and entertaining," said Lu Ying. "I decided to let them go."

Not long after, another event led to the enterprise to face a severe crisis. A previously loyal manager left the company, and took the data and know-how with him. Lu Ying said:

> He joined the company a long time ago. He was in charge of sales and the department functioned very well. After serving in the company for nearly 10 years, he decided to resign from his job. He went to another city and established his own company. From then on, I couldn't believe in any new managers who joined the company. It takes time to know a person.

In order to lead the enterprise to become a global company, five years ago Lu Ying tried again to recruit a VP of sales and marketing, with a salary higher than that of a Director in an MNC. This VP only served for two years in the company before leaving. In the past two years, Lu Ying has begun to recruit general managers from overseas, with strong experience in the industry's top firms. After joining the company, however, these managers have had a lot of conflict with the internal teams, including family members and long-term employees. Taking a different view from that of the owners, some managers considered this phenomenon *shuitubufu*, meaning the company's culture doesn't readily accept *kongjiangbing* (sky troopers).

In some other firms I visited in Quanzhou, the leaders are not prepared to adapt to the idea of attracting the best candidates. As most of these firms are growing enterprises, capital is the first problem which needs to be resolved for their survival and development. On the one hand, the managers are hired at a handsome salary. On the other, the owners may not have the patience to wait for these talents to release their potential. Especially, owners who are unable to let go of their own illusion of control make it difficult for the team to flourish and realize its potential.

From some professional managers' point of view, Quanzhou's "new money" is completely lacking in class or culture. The first-generation entrepreneurs are often called nouveau riche (*baofafu*). Because of *tianshi* (doing business in a favorable climate), they become rich overnight. *Tuhao* is another Chinese term used for people of wealth but without much of culture. It originated in ancient China, referring to those peoples of prominent origin, especially people of influential and wealthy background. During the Republic period and the Cultural Revolution, it was used to describe landlords or landholders who bullied those in the lower rung of the social class structure, known as the countrymen. Some of my informants, who are professional managers hired from outside the firm, call their bosses *tuhao*. The following section will provide evidence of such relations.

4.4.2 Open Quarrels and Secret Wrangles

In Quanzhou, many firms have benefited from the open-up and reform policy, so it is *tianshi* (right time, good timing, or favorable climate) that helps entrepreneurs to be successful in business. However, in terms of how to sustain and develop, to become a modern enterprise, or to compete in the global market, most of the founders seem not to be able to keep pace with the fast-changing environment. Zheng Xin said:

> Due to the lack of knowledge in managing, the bosses have to consider integrating professional managers into the managerial team and decision-making process. In the 1990s, firms in Quanzhou started to recruit professional managers. The *kongjiangbing* (sky troopers) hence entered into many private family businesses.

Wang Zong was among the first group of professional managers who joined Quanzhou enterprises in the very early stage. He told me this story during a banquet:

> In the 1990s, I brought a group of people to join FZ, including the VP of Finance, Production, Marketing, and HR, and the Head of Finance, HR, and Manufacturing. I had a sense of achievement at that time, as my boss knew little about management and adopted every suggestion of mine.

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But after a short period of time Wang Zong left the company and established his own consulting firm. He did introduce a couple of new CFOs to the company, but they did not remain there long. In Quanzhou many CFOs change their jobs frequently. Why it is not easy for owners and professional managers to build a long-term relationship?

Concerns about possible take-over

Maybe family owners are worrying that the professional manager will take over the company? They are concerned about the risk of the firm being hijacked by a professional manager. Some owners also have unrealistic expectation of what these managers can deliver. Obviously, this is a big challenge with no clear-cut answer for the family. Since the government started making efforts to move from a centrally planned economy to a more market-oriented one, and to develop a dynamic private sector, owners have been looking for new talents to join their business—but conflicts between the two parties have never ceased. In many situations, the boss doesn't trust the outsider, and tends to take the view that professional managers are not committed to the firm and hence will not make full use of their talent for the company, which in turn creates a reality where professional managers don't trust the boss and don't put their energy into the company's affairs. Without obtaining the trust of the boss, professional managers feel unfairly treated as they have a lot of knowledge that cannot be used to generate economic returns.

Unanticipated problems often need to be overcome in the manager-firm relationship. The cost of hiring talent is huge and it can be difficult to justify this expense into the firm's business. Also, the inevitable occurrence of "Black Swan" events can cause a lot of damage to relations. For example, the soaring prices in the Chinese housing market have generated managers' concern about the housing needs of their families.

Circumstances like this tend to increase distrust if the owners don't pay enough attention to the managers' needs, especially for those who joined the company in its early days. And distrust tends to increase tension and negative "on guard" behavior of all the parties, which can erode the spirit of the team and ultimately the firm's productivity. During a conversation with Lu Ying and his family members, I found them to be very concerned that the group of *kongjiangbing* (sky troopers) might cause harm to the company and the interests of the family at a time when they are facing some internal problems. This is the reason why Lu Ying maintains a policy of rotating senior positions.

Many managers were thought to have taken advantage of their position, spending the company's money, and utilizing it as a resource for their own personal development. Inviting friends, sending gifts, and building their own social circle are common rent-seeking behaviors.

Studies (e.g., Zou, 2008) show that there is a tendency for listed family businesses to retain the right of control. This control is mainly reflected in the emphasis on succession. It is held by owners that the basis for guaranteeing the effective succession of their family business is drawing up the succession plan ahead of time. Deciding on and bringing up the right successor from among family members can lay a good foundation for the long-term development of the family business. Lei Jun, the founder of Xiaomi, stated that he would sell his firm if he has to cede the right of control. Li Xing (a CFO who is featured in more detail later in this section) said:

> In order to control the family business, Minnan merchants place more emphasis on succession. Regarding the transition from one generation to the next generation, Jiangzhe businessmen are more open. The successor of a family business in Quanzhou is usually the owner's son or daughter. Examples of family succession include *meihuashan*, *qipilang*, *jiumuwang*, etc. Qipilang is a typical example of

family control. It is a private family firm in Jinjiang. Zhou Yongwei, the founder, and his other two brothers are the real controllers of this publicly listed company. Before going public, the family owned 95% of the shares of the group. Now the three brothers occupy the major senior positions of the group.

Most family firms want to keep their ownership. One of the reasons for some firms in Quanzhou not going public is that they don't want to dilute their ownership. These clothing and footwear enterprises are typical family business. Family members can be seen struggling inside the enterprise. Most of the firms I interviewed have family members occupying the important positions. For example, Xu Yue is the company secretary in SD. He is the grandson of the founder. Wu Mei is the Vice President and company secretary of XY. She is the daughter of the founder. Ding Hua is the Vice President of YF. He is the son-in-law of the owner. Chen Qi, the son of the founder, is the president of XT. Wang Qi and his five brothers are founders and they occupy most of the senior managerial positions. Lin Long has her two sons as managing directors in the two biggest divisions of the company. In particular, the general manager, VP, and the board members are usually appointed from among the family members. Wang Qi told me:

> We are family members. We have been together for more than 20 years. Now we are still walking shoulder to shoulder on the path of our business development. We don't want to be separated, because we belong to the same family, and we know and trust each other very well.

Ye Xiang, the Vice President of a pre-IPO company, explained to me:

> Before I joined this firm, I didn't know it was a family business. Communicating with my subordinate, the CFO, is very difficult, because she is the relative of the boss [the founder]. The boss has to support his family members. Many of my ideas and concepts cannot be implemented smoothly and I feel depressed. I regret that I have joined this company.

From the owner's point of view, professional managers are replaceable. For obvious reasons, trust is limited to family members only. Shi Li told me:

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Chinese bosses don't really care about talented people as much as they say they do. They always stress the importance of human resources. In management they don't put humans as the first priority. Rather, they are more concerned about the company's profit and revenue. Sales and financial situation is what they really care about. They don't think it is important to focus on the human factor, such as incentives, retention, empowerment, or growth of employees.

Outsiders always know that family members are likely to get the top jobs, so there is less incentive for them to join a family firm. During my fieldwork, interestingly, I met two outsiders who occupy senior positions in a family business. Liu Dong is a professional manager. He is the Director of the Purchasing Department, in charge of procurement affairs of a corporation. The reason he was given this important position is his long-term business collaboration with the owner. They now call each other brothers as a result of the trust they have built. As "brothers," they have the benefit of trust and loyalty.

Although integration into a family firm is not easy, both managers and employees feel safer and find it more meaningful when they have the sense of belonging to a bigger family. They want to identify themselves as members of the family in a firm, although the majority of bosses don't want to include employees in their family circle. To be sure, there were a few managers who have been promoted after a long period of service at the company. In a few exceptional cases, they were even treated as a member of the family circle due to their loyalty. These managers will be proud of their membership in the family. Either consciously or unconsciously, they demonstrate their superiority within the company and tend to adopt a more dominant management style. The second of the outsiders I met who hold a senior position in a family firm is Li Xing. Shi Jin told me:

Li is the only outsider who can be seated on the rostrum. Once the company's IPO project has been completed successfully, the boss will be hemmed in by senior managers. The reason is that senior managers have insider information in their

hands. If such information is exposed to the public, it will have tremendous impact on the reputation of the company. The company would face the risk of being delisted. Sometimes, a company might break the laws and cannot operate anymore. Hence, they try to build a good relationship with senior managers. Sometimes Li Xing spoke paternalistically to me. He ruled his team with a considerable degree of paternalism and offered his followers opportunities that only our boss can provide.

However, professional managers are still regarded as outsiders, and as such are different from family members. Liu Dong explained this difference:

> The procurement function is often affected by ethical violations and subsequent scandals. To reduce the risk of these events, a company may prefer to use an insider to strengthen the ethical side of the procurement function and prevent ethical lapses. Although I have nearly 20 years friendship with my boss, I still have to be very careful while interacting with other family members within the company. As long as the family sits on the board, they can fire me at any time if I don't perform.

Li Xing became a CFO within the core leadership group. He is able to sit among the family members in company-level meetings, purely because he has insider information about the company. This represents a temporary stage in the continuous battle between the two major forces of a family business. The superficial harmony is maintained. The conflictual nature of this relation still exists, as the meeting of the two forces not only produces many conflicts of ideas, but also causes great changes in the traditional mindset about ownership structure. Shi Jin explained:

> If XY is not publicly traded, Li Xing can't get compensation by way of options or shares in the company. Li Xing is a rare example. I admire his unique position, but few managers hired from outside have such an opportunity.

Although family owners have to consider the alternative of bringing in professional management from outside, from the example of Lu Ying it seems most of these managers cannot be integrated into the enterprise. It is a big challenge as it needs a paradigm shift. Traditional mindsets are very strong. It is increasingly perceived that

family firms are faced with the problems of proxy cost, proxy risk, and authorization. Owners tend to spend a lot of time on the details of the operation. Chen Liang told me:

> Generally, owners in Quanzhou only pay attention to the small things, from purchasing, production, finance, human resources, sales, and packaging to shipping tracking. Many firms implement tight control on each of these aspects. In our company, the founding brothers don't want to decentralize the decision-making process. But when there is a problem they will shift the blame onto the subordinates. For example, account managers do not have permission to institute promotional allowances or other rebate programs for the distributors. If there is any problem, however, account managers have to take the responsibility.

Keeping the company small is one way to avoid family firms being hijacked. Many family owners take the view that it is easier to retain control if the firm stays small. Xie Jia said:

> The owner of a family business normally would like to keep the size of the company small. It is easier for management and control. In recruiting and selection practices, immediate family members will be considered first. Other relatives will be put in second priority for consideration.

For some owners, small means having less than 100 employees. The advantage is that co-workers will have mutual influence as everyone knows one another. Especially beneficial for the owner is being able to communicate with followers easily and effectively. Lin Shui, the founder of a footwear manufacturing company, said:

> The size of my company is moderate—less than 100 and more than 80 people. With this size, I still can still oversee each person and be informed about each matter. We know each other very well. I need to win the employees' support. I am proud to say that the financial controller has been serving the company for more than 11 years and the driver, 20 years. Many employees have been in this company for more than 10 years.

Wu Ji, the Financial Controller of Lin Shui's company, however, told me that his boss wants to control everything. Wu Ji doesn't agree with the management style of his boss. But he doesn't want to express this idea in front of him. He said in an undertone:

In each department there is a relative or family member of our boss. This is a typical family business. The boss wants to approve all small expenses. People with positions higher than supervisors have to report to him directly.

In order to improve productivity, tight control is also reflected in the attendance tracking system. "We felt that a punch-in system is a fair way to maintain order while keeping our operations running smoothly," said one of my owner informants. But from a manager's point of view, Liu Jun told me:

We need to *daka* (punch in) everyday. If there were no such control system, my boss would not feel relaxed. He would ask where have his employees been? But we don't know at all about where our boss has gone.

It is not uncommon to see family firms where, after succeeding in the IPO project, the bosses cannot change their mindset. They still have a strong tendency to control everything. The story of Yang Ji illustrates this deeply held mindset. He joined a family firm that had gone public, but whose owner still maintained a style of domination and control, such that outside managers were not integrated into the decision-making process. Yang Yi told the story of what happened to Yang Ji:

Yang Ji was the CFO of a listed company. He decided to resign from that company as the boss wanted to continue the old mode of operation. Yang Ji could not implement many of his management concepts. He felt very uncomfortable and finally made the decision to leave. According to my experience, many bosses don't know what are you doing during work time, but they feel comfortable to see that you are in your seat without doing anything.

There is doubt on the part of owners that professional managers will be able to achieve good performance for the firm. Wang Zong told me over dinner:

When I worked for FZ, I didn't see anybody stay in the company more than two years. If somebody is able to work for more than three years, he is not human but a god. If somebody will stay for more than five years, he is not a god but a ghost. Most owners are concerned about whether a manager can bring instant result for the company or not. If so, the owner will pay a high salary. Otherwise, you will be kicked out of the company. A contract is of no use. You cannot stay there by

yourself, as the boss will keep cutting your salary. After the boss's cutting, cutting, and cutting your pay, one day you will hand in your resignation.

One would Never Understand the Boss's Mind

Ding Ying told me over dinner that the reason why his boss has delayed the IPO project for so long is that he is always changing his mind. He concluded that his boss is hard to get along with. Many managers have the same feeling as Ding Ying. Li Jin said:

> We have major gaps with our boss. You should not expect to treat each other like brothers. It is difficult to obtain trust from your boss unless there is a fate that he will trust you (*yuanfen*). It is quite difficult for us to communicate with him. He has an innately volatile character. I am here to prepare for the IPO compliance. However, I was never provided with a set of real accounting data. They don't even know how many sets of accounting data they have. In our boss's hand, there is only a book for cash flow. They never sign clear terms in their contracts. They don't want to leave written evidence as they keep changing their mind. This is the main obstacle for my future work in the compliance aspects. Sometimes they blindly follow local officials or a celebrity entrepreneur like Mayun. On other occasions they mock the local government and top firms in the industry.

Other informants expressed a similar impression of their boss. Liu Fang said:

> My boss is always changing those matters that have been decided by the management. For example, we have to modify and adjust our budget all year long. We can say we don't actually have a budget.

Some bosses tend to be too egotistical or overbearing at times. Apparently they are very headstrong and mulish persons. But the managers think these bosses are quite vulnerable deep inside. Most of the time they become indecisive because they are worrying over all the potential problems, such as the cost they have to pay for a public offering. This dark shadow of insecurity can lead to hesitation. Regarding his current responsibility, Yang Feng said:

> I have been waiting for the boss's decision to correct irregular practices within the company for a long time, which have now become obstacles to satisfying the regulations for going public. But I am not sure when the boss is going to make his final decision. I even doubt his willingness to go public.

When telling me these examples, Yang Feng's voice is full of feeling. He uses some bad words to describe his impression about his bosses. Evidently he doesn't have much confidence about his future cooperation with the company. He is not even sure how long he will stay in this company. He is hoping there is an employment opportunity in another firm so that he can leave this company as soon as possible. However, before the future opportunity appears, he has to listen to his present boss, at least in front of him. That is, to say something as the boss would have it, but to do it in another way. The response of Yang Feng presents us with a picture of an irreconcilable relationship between the owners of private companies and their professional managers, especially those who are recruited from outside. For the owners of private companies, the best way to prove that they are not the entrepreneurs having the "original sin" is by going public. And once they become publicly listed firms, they would not even care about some of their social responsibility, such as paying pensions and social security for employees, and protecting the environment. Yang Feng added:

> Without our professional managers, the company cannot be sustainable. You cannot imagine their low cultural quality. They even don't know what the meaning of management is. They have no idea regarding how to manage people. And yet they want to control everything.

Calculative Mentality

Lu Hai told me one of the characteristics of Quanzhou bosses is that they are very calculative. Cui Lin, the owner of a furniture manufacturing enterprise, also expressed her disgust about Quanzhou merchants. She stressed that they are good at *jingdaxisuan* (careful and meticulous calculation). Li Jin described a similar impression of his boss:

> They are very good at calculation, their own petty niggling (*xiaosuanpan*). They are crafty (*jiaohua*), not so simple and honest, straightforward and good-natured as thought by non-locals. It is not easy to have dealings with them. They just keep superficial harmony with managers. In reality, they calculate a lot. I have read an

article. It says not everybody can be a boss. Very greedy or mean people have the potential to be a boss.

Lack of financial ethics often manifests in the capital market of today, shaking the credibility of interested parties concerning financial professionals. At present, there are many immoral phenomena in financial accounting such as fake accounting, tax dodging, and evasion. The problem is that there is always a conflict of interest between the owners and professional managers. The owners would like to find ways to bypass the regulations. By contrast, the professional managers, in considering their future career, are concerned about strengthening occupational ethics and one's duty as a manager, thereby establishing their professional integrity. Kang Jing said:

> My boss often asked us to sell apartments in a conservative way, trying to postpone the launch date and keep the best apartments for later sales, which could bring the company more benefit. Sometimes we took a long time to wait for a good price. The calculation and evaluation of tax revenue in the real estate industry has always been a difficult problem. If a project is implemented successfully, the tax on added value of house and corporate profits will be enormous. As accounting professionals, we should pay much more attention to morality and ethics. I feel anxious that our boss never trusted our calculation results.

However, there are problems and challenges faced by bosses, who are very calculative.

Kang Jing continued:

> The fact is that the cost of our land is very low and the selling price is ten to twenty thousand per square meter. We had already tried our best to arrange different product packages, including the selling of parking places to reduce the tax burden. The added value is much lower. For example, in Anxi, we have a building. Now I still feel angry about my boss's decision. The market price was very good, 25,000 per square meter. But my boss persisted to sell at a target price of 28,000 per square meter. The houses could not be sold at such a high price. And, not long after, there was a price drop and the market price became 20,000 per square meter. My boss insisted that they have to be sold at 23,000 per square meter. The result is no sales. If at the very beginning we sold at 25,000 we would have collected more than 100 million yuan. The reality is that afterwards the housing price kept going down, and we could not sell even one apartment. It is a common sense that developers face the risk of time and cost of funds. It is a great pity. This also brings

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the problem of accounting and taxation liquidation. Anyway, our boss cannot understand the implications.

The communication problem between owners and accounting professionals can also be found in other firms. Li Jin said:

> Actually we have a problem in communication, as our boss always shows his greed and meanness. Sometimes I feel anxious and stressful, because of the large amount of money being paid to the taxation bureau. I have to work closely with a consulting firm to reduce the burden of taxation. During the liquidation period, the finance department would face a lot of pressure. Sometimes we felt the taxation planning was pretty well done. We saved a lot of money for the company. However, for our boss, any cent being paid out, it is unreasonable. If you let him know he has to pay tens of millions, he will not accept it.

It is a common practice in Quanzhou family firms that fines for arriving late at work are deducted directly from the manager's paycheck. Even senior managers who don't obey the requirements of the 'punch-in' system will be fined. Yang Yi said:

> Although I am one of the employees paid through an annual salary system, my boss divides my annual salary into an hourly salary, and deducts my salary according to my attendance rate.

Yang Yi is not only dissatisfied with his salary and the policy of machine-recording of his working hours. He also wants to establish a *renmai* (human relations) circle with local financial and accounting professionals. In order to be accepted by this professional circle, he has to initiate a lot of entertaining with core groups of people in his field. This involves spending much money on meals, KTV, nightclubs, and drinking alcohol. It is evident that his boss will not allow him to claim reimbursement for such expenditures as the company would not see that as a part of his work of the firm. However, from Yang Yi's point of view, when he acquires professional knowledge from socializing with such groups of people, the company will also benefit. He gave a long account of his troubles, with the implication that he needed financial aid in this regard. Wang Zong told me proudly during the banquet:

My salary was deducted by 800 yuan due to my breach of attendance regulation. I felt this was very unfair as I often worked unpaid overtime. I realized I should find some way to speak up for myself. Finally I decided to report the hours of my working overtime and asked my boss to pay for it. Finally, I gained more than 2000 yuan after the calculation. Another occasion was that our enterprise had a joint venture in 1999 with a foreign investor. As previously promised, the foreign boss gave me a 50,000 yuan year-end bonus as a reward for my decent performance during the year. Out of respect, I gave the money to my boss. Afterwards, both my boss and his wife kept asking me whether I want the money or not. I replied angrily: "If I don't want money, why I am here working for you?" In 1999, you know, 50,000 yuan was a lot of money.

He then said:

I gave you the money (which was actually a bonus for me from the foreign partner), as I am testing you. You keep asking me the same question. Are you testing me?

Some informants compared the management style of private firms with SOEs and took the view that private firms were less likely to take social responsibility, as Yang Yi explained to me:

In SOEs they would not use unpromising behaviors (*xiasanlan*) in management. They learn from foreign enterprises. They emphasize politics and performance. You need to know the direction and also be good at achieving the target. The quality of managers is high in SOEs as there is competition in all aspects. However, private companies often engage in dishonest practices, tax evasion or fraud, "cutting corners," i.e., use inferior materials and turn out substandard goods. They don't want to pay social security and pension funds for employees. They don't take social responsibility.

From the point of view of the boss, Lin Shui complained:

I suggest they [senior managers] should not admire executives who work in Li Jiacheng's company, with annual remuneration amounting to several million yuan. You can imagine the size of Li's business. Our small business cannot be compared with it. In our company, hundreds of thousands or more than a million salary is already a very good package. In accordance with the size of our company, this salary is already very high. However, they are still not satisfied.

Agency theory deems that the relationship between owner and operator is based on suspicion rather than trust. However, the conflicts between managers and bosses are

avoided with the way Chen Jin, one of my informants, operates. Chen Jin is both the boss and the Managing Director of the company, so his behavior and motivation are more coherent. Chen Jin said:

> I design my firms, implementing policies that are in accordance with my personal interest, knowledge, and learning motivation. Sometimes it has nothing to do with economic results. I am promoting a new model of life, a slow and natural life, with deeper inner transformation.

Chen Jin puts his own money and time into the company, without counting the cost. The most important thing in his mind is the operation of the business. The pattern of his behavior is totally different from other bosses and professional managers. There is no suspicion or competition in terms of performance achieved and the corresponding remuneration. Once managers take the shameful view of *geibierendagong* (to work for money), they are most likely to leave the company if they are not satisfied with remuneration package or arbitrarily determined by the boss. Also, they will not concentrate on the firm's future development as there is no trust between them and the boss, and they are most likely to leave the company soon. The achievement of the company seems to have nothing to do with their future career.

According to agency theory, the best way of making agents take optimal action is to choose an appropriate bonus motivation mechanism. In recent years, the Equity-Based Incentive Plans (e.g., Breugst et al., 2015) instituted in Western countries have proven to be an effective method of reducing agency costs. In China, equity incentive plans seldom include all employees, but are always granted to senior management only (Li, 2014). From my observation, even if senior managers are granted incentive stock options, the conflict of interest between them and their bosses still cannot be avoided.

Long-time colleagues

Another concern for Lu Ying is that those managers who joined the company at the very early stage cannot keep pace with external and internal developments. The new managers who just joined the firm or some family members now doubt their capability. Ding Ying was the General Manager of YK. She was only in that position for several months. Lu Ying took away her authority and kept her hanging for no reason. For two years, Ding Ying has had no specific responsibilities and does nothing except drive to work everyday at 8 and leave at 5. Although Ding Ying was sidelined, she felt she had valid complaints. She always complained that management was not strict, and responsibility and rights were not clear-cut. Especially, she worried that there were no clear responsibilities between family members and senior managers. Sometimes she didn't know the real intention of the boss. She had to guess or took a long time to reflect on what the boss said. But she often feared being labeled malcontent if she spoke up too much.

  Another co-founder, Jiao Ying, had an experience similar to that of Ding Ying. There was no consultation between the boss and these two managers regarding cutting them out of important roles, and there was no reason given. Ding Ying and Jiao Ying are very clear in their minds that they don't have any authority within the company. They just have to follow what the boss says or what his wife says. Sometimes these orders are conflicting so they don't in fact know which one to follow. Ding Ying told me that her boss Lu Ying issued a stock option to his three co-founders. Not long after the documents were issued, the boss regretted his decision and cancelled it. She felt strongly about these two things.

4.4.3 Only Collaborate With My Mother

At times, there is also conflict of interest among shareholders. In Chen Jin's incense business there are several partners. Recently, he carried out a promotion campaign where certain products are offered for free for a group to do the incense training. His partners are not very happy about this as they think the company can't afford it. A few of my informants said they believe it is difficult to build trust with business partners. Huang Zhong, the owner of a garment factory, complained that it is not easy to cooperate with her business partners. She gave an example:

> To run a business is not an easy task, as I have been cheated many times. I lost my confidence in doing business with partners who are not family members. After being cheated several times, I decided to run the business with just my mother.

Lei Jun's company has two standards for choosing investments. First, they typically invest in ventures involving industries or technologies with which they are personally familiar. Second, they stay with their friends, or invest in the projects of a friend's friend. The rationale is that they will be able to judge the capability of that friend. It is similar to an endorsement system. If your friend—or your friend's friend—cheats you, the friendship will be over. The most risky thing about investment is integrity. The business community is a pretty small place, and everyone soon comes to know what's going on, everybody knows that a certain deal is a fraud and is going to be exposed sooner or later (Zhaohui, 2015).

There is also the perception that it is difficult to build trust between banks and enterprises. As discussed in the first theme, the banks in Quanzhou don't trust private firms. So civil fund traders are highly developed. They provide instant funds for businessmen at a very high interest. The majority of my informants talked about the difficulty of getting loans from banks. Lin Shui told me that his firm is investing in several projects, but it is quite difficult to get money from the bank as a small private business. Trust seems to be built on the ability to generate cash flow in the near future.

The company has to be experiencing stronger cash flow, has to have strong balance sheets and be demonstrating the ability to grow sales, and earnings from continuing operations. Wang Qi said:

> Most medium and small enterprises are very concerned about working capital and cash flow. Our company has been generating regular cash flow. We don't need to build relations with banks. On the contrary, banks look forward to having relationships with us. They provide very good conditions for us to get loans from them, i.e., the bank benchmark interest rate less 15%. Other companies have to pay 15 to 30% above the bank benchmark interest rate. However, in our tough times, they close the umbrella. We cannot get any money from them.

The first-generation entrepreneurs had to borrow money from family members and friends when they experienced tough times, as trust is limited to these small groups of people.

Even among colleagues and friends, people are suspicious of each other, and there isn't much interaction or cooperative effort for the common good. When we entered Liu Dong's office, the first thing he mentioned was that he could not tell me all he knows. This was because he didn't know me well. He tends to protect himself in this regard. Normally, managers expressed their unwillingness to make friends within the company, as it is held that human relations (*renjiguanxi*) in the company are very complicated. A few managers suggested that one doesn't know when one's friend will hurt him in some way, consciously or unconsciously, due to his intimate relationship with him. Thus, with relations, low profile, *hanxu* (the implicit), and *huocongkouchu* (trouble issues from the mouth) are basic principles in dealing with other senior managers and their boss. In this context it is understandable that the temple can be experienced as an ideal environment due to its atmosphere of harmony and spirituality. Zheng Xin told me:

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I can still remember the seven days I lived in a temple in downtown Quanzhou. Last spring festival my wife took my son back to her hometown. I had to find something to do during this lonely period. In order to avoid cooking by myself, and prompted by one of my friends, finally I chose to live in Congfu temple. I miss the quiet life in the temple, as no one doubted me during those days. The last day I even didn't want to leave. Although I am a stranger, they allowed me to eat with them. They didn't ask me questions such as where are you from? What are you doing here? Or, who are you? As a stranger, living together with a group of monks, I could easily feel their warm-heartedness and the harmonious spirit of the temple, quite different from our society, which is full of suspicion among people.

Zheng Xin's experience indicates that the suspicious nature of human relations results in a lot of anxiety, tension, and conflict among people. It is interesting that when I asked Wang Xiang whether he often answered such questions as "Who are you?" "Where are you from?" "Where are you going?" he immediately told me a joke:

Security guards (*baoan*) often ask me this. I have to visit our suppliers or clients regularly. Each time the guard will ask me these questions quite seriously. I don't feel very good when somebody interrogates me with suspicion. There is no trust among people. A few managers think that everyone is just like a clown, living or acting behind a mask.

Some informants take the view that people have to wear masks when they interact with other parties. They express the idea that as humans, people live in a competitive society full of cheating. Every person, every day, is wearing a mask of some sort. They have to play different roles, and forget who they really are. Wang Qi stated:

I think everybody is pretending to be gentle (*zhuang*), from higher position officials to lower ranking managers. However, I think *zhuang* is necessary, because in front of my employees I have to be strict and serious. Otherwise, they would not follow me and behave obediently, and the company's policy cannot be implemented properly.

Zhuang in some cases is interpreted as hypocrisy (*weijunzi*). People don't like to be hypocrites, as they have to take pains to hide their feelings. Sometimes they have to conceal their indifference. The risk is that at an unguarded moment the mask will drop

off, and reveal one's self to the most superficial observer. As a result, people who are naive, innocent, sincere, and encouraging seem more popular.

4.4.4 Managers' Thought Structures

Is there a tendency in human beings to attribute some of their own undesirable intentions to others? There is a Chinese saying: "judging people by their own 'high' standards." The fieldwork showed that quite a number of managers have disputes and debates with their bosses, on issues related to compensation schemes, company policies, professional opinions, and authority. Such disputes and debates tend to stifle enthusiasm and result in estrangement between owners and professional managers. Withdrawal or estrangement from others is often accompanied by suspicion. What one party thinks about the other party has an effect, even if their thoughts are not expressed explicitly in word or deeds.

The theme of suspicion relates to a lack of systemic trust in China. Systemic trust has its foundation in a system that ensures the legitimate rights of people. With such a system in place, people can believe in strangers, can sign a contract knowing that the legal system will ensure the effectiveness, fairness, and execution of the agreement. One believes in the system even if he is not familiar with his business partners. Within the context of the system, one can do business and accept the terms that are agreed on. The system can be applied to everyone and relations take effect only on specified occasions. Ideally, everyone trusts this system unconditionally. If somebody has cheated me, the system will punish him. I should forgive this person. However, the system will protect me.

In explaining how China differs in terms of systemic trust, Redding (1993) has argued that China is a country based on agricultural culture. Operations are limited to a small

scope, among acquaintances. In a traditional agricultural society, private family firms only believe in a small group of people. Reputation is built and spread within this small group. There is no system ensuring the security of each transaction. Instead, people focus on relations. For example, trust is easier to establish if somebody is another person's uncle or neighbor. The relation is unique.

In China, people disregard systems. If there is system in place, people tend to believe that it is only implemented selectively. If one has conflict with a powerful person the consequence is different from that of the same conflict with a normal person. The system is flexible and has different interpretations applying to different situations. There is a saying: "Human is alive, the system is dead." The dead system can be destroyed. This is a deeply rooted value held by Chinese people. It is not difficult to understand why the spirit of "Advancing with the Times" (in Chinese) put forward at the 16th national CCP conference has been widespread in popular discourse.

Although separated by a century, both Smith (1897) and Fei (1992) argued that the lack of sincerity is a major characteristic of Chinese people. This character trait might relate to the Confucian teaching that encourages gentle and modest behavior and inhibits the straightforward expression of negative emotion (Dardes, 1991). Mutual suspicion, according to Smith (1897), is second nature to the Chinese. In most firms, we still can see those symptoms of mutual suspicion, especially between bosses and senior managers. Senior managers other than family members are always regarded as outsiders and excluded from the circle. A lack of sincerity can be found in the relations between these two parties.

People tend to think what others say lacks purity of intention; one needs to carefully investigate even though terms are put down in black and white as, for instance, in a

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contract of employment. Since 1980, children have been educated by their parents not to talk to strangers. There is a tendency in Chinese society to think of others as having bad intentions. The reason underlying societal suspicion is the lack of security.

Minnan family business is influenced by familiarity and regional culture when it comes to managing people. They don't quite accept professional managers. Many entrepreneurs hold that management is to supervise, and to sort out issues. The challenge that owners face is how to stimulate the initiative of professional managers, and let them show ownership. There is inevitable difficulty in stimulating initiative when the firm is suspicion-based, and in this atmosphere professional managers are hard to be mobilized. A context based on tight control and too much calculation is not productive of engaged individuals (Yang, 2003).

Historically, the Great Leap Forward, famine, and the People's Commune resulted in great suspicion between mass and government, and among people. Many local officials were tried and publicly executed for giving out misinformation. Some informants told me that official government numbers cannot be believed, as statistics can be modified and discussed.

In the Revolution Era, *pidou* (struggle sessions) between son and father, husband and wife, student and teacher, worker and capitalist served to cultivate enmity or attempts at self-preservation through incriminating others. People were attacked as a "capitalist roader" in "struggle sessions" of verbal and physical abuse. The accuser and the accused were class enemies. Husband ran to denounce wife, and vice versa. Those with "bad parents" suffered greatly, and they resented their parents instead of resenting the system, which brainwashed them daily. They were encouraged to denounce their parents, so as to "draw a line" between themselves and the enemy. Friends, neighbors,

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colleagues, and families turned upon each other. This history has built an environment full of suspicion among people that still affects Chinese society today.

After the Cultural Revolution, China became a more authoritarian society. In the 1980s, *zhuguanweiziji keguanweibieren* ("The self is subjective, but objective to others") became a widespread value in the country (Cheng, 2006). There is no trust in the education system. The school curriculum is only designed to dissimilate knowledge of politics, technology, and the slogan *kejiaoxingguo* (to be prosperous through science and technology education). Regarding how to live one's life, there is no spiritual education. An empty mind is the consequence of such an education system. Five thousand years ago, however, Confucian teaching involved subjects like virtues, languages, politics, and literacy. The current education teaches only the last two of these aspects.

Although more and more firms are recruiting professional managers into the family business, the traditional way of management is still competing with the more professional way of managing. There are rampant suspicion and conflict between the two parties. It is hard to build trust between them. This might be a symptom that serves to reveal the deeper problem of firms during this transitional stage: the power hierarchy between the boss and managers. There has so far been no fundamental change in the power structure during this time of transition.

According to Gardner (2008), professional managers tend to have relatively strong and disciplined thinking. As business and management become more and more regulated, professional managers need to work regularly and steadily on issues which then eventually are resolved. These managers see the need to master certain major ways of thinking and become an expert in at least one field related to corporate

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management. The more they accumulate experience in managing, the more they build disciplinary behavior. By contrast, their bosses tend to take short cuts rather than following regulations. These radically different ways of thinking bring about much suspicion and conflict between managers and owners.

Heath (1999) and Noreen (1988) agree that, due to the premise of self-interested human nature and beliefs in competitive social selection, companies focus on extrinsic incentives for recruiting, selecting, maintaining, and promoting talents. They expect continuous bargaining and conflicting pressures between owners and managers. In the case of separation of ownership and operating rights within enterprises, the potential for conflicting interests between stockholders and managers is huge, as their objectives differ. If equity is centralized, the major shareholders will be in opposition to the interests of managers. Further, the improper design of manager incentive plans will also restrict corporate development.

In conclusion, suspicion tends to infiltrate the mindset of both managers and bosses. The assumption and belief of managers is the self-interested *homo economicus*. Owners tend to trust their family and are unwilling to recruit managers from outside. There is continuous bargaining and conflict between owners and managers (Heath, 1999). When relations in the firm are built on suspicion, those relations are very weak, and can amount to practically no relation at all. Relations built on respect, forgiveness, trust, and love are of a very different sort. Based on suspicion, behavior will be fragmented. There will be no shared vision or mission for the enterprise. With suspicion, there will be no synergy among superior and subordinate, teams, or internal groups. Coming from a basic place of "self-preservation," we doubt and take a distanced view of others, with the intention of protecting ourselves.

A further aspect of suspicion as it universally exists in Chinese business of today is how it manifests in a climate of verification and experiment. One finds a lot of people copying rather than innovating, especially in Jinjiang. People tend to emphasize the paradigm of positivitism and the approach of verification. What can be seen through the eyes is real. A pragmatic, concrete, and utilitarian way of doing things is adopted. Managers often ask such questions as: "Can I benefit from it?" Owners need *liganjianying* (instant effects), and seek only information on profit and utilization. For most managers, also, concepts that include a spiritual dimension are nonsense.

I would argue that there is currently no right solution to shift this mindset of conflict. However, I believe that during the ongoing process of globalization and social progress, with continuous self-cultivation both parties will learn from the rewards and punishment generated by the interaction of various social forces. When their interest or vision starts to coincide, they might be able to find resolution for stopping the game playing. In the future, the intention of professional managers in looking for a job might be not only to achieve a higher position or more competitive remuneration, but also mutual learning, knowledge acquisition, and capacity building. Working for others (*genbierendagong*) will not be a shameful thing in the eyes of professional managers. Managers will not use their educational attainment, *guanxi* (interpersonal relationships), or obtained inside information as a chip (*chouma*) to compete with their bosses.

Globally and historically, the principal cause of suffering has been the corruption of human morals and the prevalence of self-interest. Managers are enjoined to do their utmost to resist such strong habits of mind and heart as are prevalent in today's society. Constant effort will be needed to cleanse the mind of craftiness and suspicion, of scorn and contempt, of the desire to dominate, and of residual paternalism.

4.5 Insecurity

Another thread that ran consistently through my interviews with managers was insecurity. Many of them said, "I can't relax and so I feel so much anxiety." Managers keep asking themselves such questions as "How is China doing?" "Are we moving towards new business?" "How is the situation of employees from other regions?" All these questions are overwhelmingly present for them. Tough economic times and general anxiety are becoming increasingly apparent. Insecurity is everywhere. Similarly in Quanzhou, environmental, economic, and sociopolitical concerns raise questions about the sustainability of business. Especially, many informants mentioned that they have no private life, citing the stress they feel (whether as an owner or as a manager), and constantly being bombarded by the omnipotent question: to put their business or career first?

My informants expressed concern about the reform of Chinese politics and economy, cash flow and the sustainability of business, salary and promotion, higher housing prices, the value of stocks, financial problems, relationship building or family discord, food security and environmental damage, the safety of personal wealth, and their children's education, among other things.

Survival is a theme we have already described. Insecurity seems to accompany survival. While survival is centered on the material aspect, however, insecurity is manifested at the psychological level, related to all concerned stakeholders. Humans compete with each other for survival and to repel the things that threaten them. It is a long-term and even eternal task for managers to protect themselves. Suspicion is an instinctive defense mechanism which is people's instinct for self-preservation. There thus manifests an interesting trinity in Quanzhou managers' system of thinking—survival, suspicion, and insecurity.

4.5.1 As if We were Treading on Thin Ice

"We should be apprehensive and careful/ As if we were on the brink of a deep gulf/ As if we were treading on thin ice." —Book of Poetry

Financial pressure

Li Jian is the founder and CEO of *Renrenche*, the Beijing-based online used car marketplace. He expressed that one of his particular concerns is anxiety, especially in this time of financial pressures. Every day he is in a condition where he is unable to eat and sleep well. Every night before sleep, he is worrying about whether the firm can acquire new venture capital, or the risk of capital catenary ruptures (Sohu, 2016). This also happened to Elon Musk, the founder of SpaceX. He is one of the richest men in the world. In his biography, however he says that when he faced financial difficulties, he seriously doubted whether he could continue with his life. He felt as though he was worthless and had nothing to contribute to the world. Some of the stories he tells in this appealing autobiography are shot through with pain, anxiety, and unhappiness rather than the good side of his life (Knowledge@Wharton, 2016).

Many exceptional founders and startup managers feel insecured in the increasingly competitive business world. For my respondents, this is their situation: The bigger the enterprise, the lower the efficiency and the greater the concern. Hence more cautious and conservative approaches are adopted, which weaken the capability of innovation. Chen Chang explained to me:

> For many entrepreneurs in Quanzhou, as they have chosen this path, they cannot go back. They must move forward and overcome the obstacles. Even the big boys such as the internet giants like BAT [Baidu, Alibaba, and Tencent] have to suffer anxiety. The environment is changing, and the mind of team members is changing. For managers, there is no such thing called security. The anxiety and pressure are not curable. It is associated with the early stage of a new business, [and continues]

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throughout the entire process of entrepreneurship. They are really treading on thin ice.

China's economic growth rate slowed to a 25-year low of 6.9% in 2015, as the world's second-largest economy continues to shift away from its manufacturing roots (CNBC, 2016). It is a time of economic downturn. The worst of the credit squeeze this year has compelled at least a few business people to flee the country or even commit suicide. Owners are concerned that their enterprise is dangerously short of cash. Xie Jia said:

> The tight money policies that the government has been following will start having some effect. Also, there is a sharp decline of private capital investment. In addition, some enterprises that have committed tax evasion and fraud for a long time are being eyed by the authorities. The IPO process needs a lot of money in order to pay the tax and clear the property. I know my friend's company is very lucky. Why? They took a long time in applying for IPO and the company nearly ran out of cash. After a period of waiting, fortunately their IPO was finally approved. Otherwise it would have collapsed as it began to borrow money from lenders at high interest. I think the cost of IPO is to pay an overdue tax. Corporate tax costs will increase greatly and corporate profits be significantly reduced after the listing. In a word, the owners just want the money.

Under the government's tightening measures, more property developers are suffering cash-flow problems. Some managers are anxiously looking for new sources of funds.

Lin Jin said:

> It is a tough time for property development this year, after bank lending to the sector being curtailed by regulators wary of a bubble forming. Due to the hot investment in real estate, the most difficult issue is the shortage of cash, which gives most companies a big headache. The over-investment in this industry and the difficulty of working capital are widely perceived as a fundamental issue that the boss and managers have to solve in the near future, either through consolidating the relationship with the bank, or selling some of their projects at a cheaper price.

When I asked Kang Jing about the current condition of his company, he complained:

> Economists have warned of a potential real estate bubble in China. The house price is unaffordably high when compared with people's income, which is the

reason property sales in Quanzhou are not active at all. Senior management is facing a very difficult time.

Major property developers like Wanke, Wanda, Hengda, and Hongfu all come to Quanzhou to partake of the small cake. We feel that there is no place for survival. They can get cheap capital from Hong Kong, and will bid for high price land. They expand so fast, getting so much land. I am worried about the future of the real estate industry.

Li Dongsheng, the founder of a successful enterprise, also sees bankers as cold, aloof, and mysterious. He said that sometimes he really cannot cope due to funding troubles. The only way for him to acquire more mental strength is to watch the TV drama *Zengguofan* over and over again (Bai, 2014). Wu Mei told me:

Almost every firm has to borrow money from the usury. Nearly 70% of enterprises in Quanzhou are small businesses, which have been starved of access to credit. Our business also borrowed money at high interest in the early development stage. As it is very difficult for smaller enterprises to get money from banks, they have to find it from social networks like acquaintances. Normally each day the borrower has to pay 10,000 yuan with a principal of 5 million yuan. If there is no injection of new capital, they would soon fold.

Studies also suggest that since 2008, private businesses have been obtaining smaller and smaller amounts of money from banks. The famous private capital economist Ma Guangyuan made recommendations to the central government in terms of the future trend of Chinese private business. He pointed out three reasons for the decline in private investment. The first is that private businesses are less confident about China's economy. Since 2008, the expectation of recession has been focused on 2016 and China. Everybody is frightened and disturbed. The second is that 78% of investment is in manufacturing, which is currently facing greater difficulties. The last is widespread concern about the change of government policy in terms of supporting the development of the private sector (Ma, 2016).

Over the past years, local media has reported on dozens of people who have fled because they couldn't meet their loan repayments. Nuoqi, which sells men's jackets

and shoes, went public in January 2014. Nuoqi raised a total of HK$320 million in its initial public offering in Hong Kong. On July 25, seven months after IPO, Nuoqi stated that its chairman and co-founder Ding Hui was missing, and his brother had taken over. Ding's wife, his brother-in-law, his sister's father-in law, and his friends borrowed a total of 450 million yuan (US$73 million) from three different financial institutions using Nuoqi's cash deposits as collateral without notifying the company's board. In addition, according to an earlier filing, Ding transferred Nuoqi's funds to an unrelated company in the British Virgin Islands before he disappeared. Shares of Nuoqi were suspended from trading on the Hong Kong Stock Exchange when the firm reported to the Hong Kong police that Ding was missing. Nuoqi shares were down 53% from the IPO price (Money.163.com, 2014). Chen Liang said that there are other companies where the boss ran away, like Suoli and Elaite.

Decline in profit margins is another problem that entrepreneurs face. Low profitability becomes characteristic of most manufacturers. Ding Hua told me:

> Quanzhou is best known as a supplier of shoes, clothing, toys, and other low-technology goods. In the 1980s, when I was very young, I still can remember at that time the workers in my father's factory worked very hard. They lived near a river. Twenty of them lived in one room, a very simple room. At that time the owners could easily have cheap labor. Workers worked 28 days a month, with only two days off. Nowadays, the young generation was born in the 1980s or 1990s. Most of them don't want to be a factory worker. They rely a lot on their parents. Their mindset has changed. Even from rural areas, they cannot take hardship. They don't want to work overtime.

> In addition, more and more foreign sportswear brands have entered the Chinese market and are competing with its high technical content. So it is all about labor costs. With the labor costs going up currently, Quanzhou's manufacturers have been losing their advantage. I am worrying about the direction of our family business.

Other informants express the same concern about the reality of low-tech and labor-intensive industry in Quanzhou. Dai Yi explained to me:

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I have heard about so many small enterprises collapsing. We find that automobile sales are decreasing. Benz, BMW, and Audi are all sold at a discount. Through these phenomena we can understand the downturn of the economy.

One reason is the shortage of labor. Quanzhou is a city of footwear and clothing industry. Manufacturers are characterized by being labor intensive. Many workers are starting to go back to their hometown. The labor cost is increasing. We have no strengths now. Some owners who cannot raise the money are like a cat on hot bricks. Many enterprises already operate on thin margins. Some of them are going out of business. Considering the textile and apparel industry, the market structure readjustment strategy means an endless nightmare. Quanzhou enterprises seem to be heavily affected. Some enterprises are seeking new points of growth, and a portion of offline physical stores have been closed. There is no doubt there will be pains arising from adjusting the distribution of market and business transformation and upgrading.

Guirenniao, China's leading-brand sports shoes and apparel enterprise, reports cash flows generated from operating activities at net -360 million, going from positive to negative and down 209.54% year-on-year. The reason is that a lot of money is being used to support the activities of distributors. The company has closed 152 retail stores and is investing in the financial industry. Since the beginning of 2016, another famous brand in Quanzhou, Qipilang, has been shutting its less effective shops and developing its online business, with a further fall in revenue expected this year (Quanzhou Evening News, 29 August 2016).

Some owners describe how running their business is like treading on thin ice. They have become increasingly wary of unexpected crises. Li Xing said:

Qipilang had always faced financial challenges in the early years. There were times that the factory nearly went bankrupt, and its front gate was crowded with creditors asking for their money. Xu Lianjie, the owner, borrowed money from his friends. He also encouraged shareholders to borrow money from family members and friends to solve the problem. Our company was about to collapse in some of the very difficult times.

For many enterprises, they have lurched from one crisis to another. There is a VP in Hengan who was killed in 1999, along with other three family members; other

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managers in the company cannot have a calm life. People normally attribute this kind of crisis to the entrepreneurs' excessive wealth. Therefore, accumulating personal wealth while keeping a low profile and maintaining privacy is a position often taken by managers. Many managers construct a big house in their hometown, and buy different kinds of high-end products for their home. But they don't want people to know about this part of their lives. This might be evidence of the view that money should not be exposed (*caibuwailu*), which is consistent with values such as modesty, *zhongyong* (moderation), and *hanxu* (the implicit) (Dardes, 1991; Li, 2013; Zeng, 2006).

Due to the various challenges enterprises face, the majority of informants are concerned about the direction of reform and transformation, at both macro and micro levels, a topic that will be touched on in the next theme of this chapter. They are wondering whether to exit or to continue their business. Worried, Shao Sheng said:

> Now, enterprises like Adidas and Nike have already relocated their manufacturing function to southeastern Asia. Private manufacturing industries are suffering a great deal. If China is going to lose its manufacturing base, the new problem is we can not rely on anything for our future economic development. Without manufacturing, the foundation, the finance and Internet industry, even real estate, are not sustainable.

4.5.2 How to Earn 300,000 Yuan Annually

My informants mentioned a variety of personal concerns, including their financial challenges, job stress, relationship problems, family discord, illness, the education system, environmental destruction, food scandals, and various other problems. In conversation, many of them said they feel stressed, insecure, or anxious about their future life. I had the overwhelming sense that in a society dominated by the value of

materialism, people seldom feel peace and love in their inner world. When I asked Lai Chang what makes him happy, he answered:

> Actually there is nothing that makes me happy. I am always worrying about my family and work. Most of the time I feel anxious. Sometimes I pretend to be happy in front of my friends, classmates, and colleagues.

In June 2015, the second time I visited Quanzhou, the Chinese stock market was experiencing an unprecedented crash. A third of the value of A-shares on the Shanghai Stock Exchange was lost within one month. *The Guardian* compared this pattern of losses to the Wall Street Crash of 1929 (Elliott, 2015). Many informants were in a state of extreme anxiety due to the fact that some of their money were trapped in the stock market, having expected a better economy for the future of China. Xiao Pei, the owner of a trading company, told me:

> During this bull market (*niushi*), it was so easy to earn money. At the beginning I was not interested in putting my money into it. However, when I saw my friends earn tens of thousands each month from the stock market, I could no longer sit still. Hence I put all of my money into the stock market. I also put the money, amounting to nearly one million, which I was supposed to pay to my suppliers by the end of this month, into the stock market. Now my stock is trapped, amounting to a loss of hundreds of thousands. I am worrying about when I can sell these stocks and get back my money.

When I visited a leather company, the CFO Yang Feng, who also lost a lot of money in the stock market, seemed to be very upset and complained about the performance of the market. He said:

> The state's policy needs to be adjusted in stimulating the stock market. For example, cancelling the stamp duty is a good way to ensure the interests of investors.

Real estate investment

Of all the easy ways to make a killing investment in China in recent years, the easiest by far has been property investment. Buying property is considered to be the fastest

way to make money because of limited alternative investment channels in China. For those managers who have already bought apartments, they are thinking that they should buy more. Others regret they didn't make the decision to buy a house at the right time. Huang Zhong told me:

> Another thing that was stressful is that I missed some good opportunities when the family decided to buy a property in Xiamen city. I felt that I was hurt too much and chose to be isolated from the external world. In the future I wish I could have a chance to take some psychology courses. I think it would help me understand myself better.

Some managers can't afford to buy houses, as they take too long to wait for the price to go down. However, prices did rise too far and too fast. Especially, more and more young managers cannot afford the very high cost of housing. Shi Li worries about the extreme disparity between the rich and poor. She said:

> One important issue is extreme disparity between the rich and poor. Officials and businessman working together resulted in this situation. A small group of people can buy more than ten apartments. In addition, the one child policy will leave many houses empty. I guess in the first-tier cities the price will continue to increase. Most average income earners cannot afford even one apartment.

Family concerns

Whatever the economic environment, managers have to cope with everyday life, take care of the family, and take responsibility for their parents, children, and employees. Many of them expressed anxiety during our conversations. A few informants take the view that all Chinese people are in a state of anxiety, as the expenditure of a family is becoming higher and higher. In addition, many informants told me that they have to pay a very high monthly mortgage. Yang Hong, the Vice President of a listed transportation company, said:

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After year 2000, I bought two apartments that are more than three hundred square meters. Now, I have to pay the bank mortgage of more than 20,000 yuan per month, which is the major part of my family's monthly income.

Yang Hong's situation is not the only case in China. Studies indicate that the housing price index to annual income ratio reached an average of 8.5 in Chinese cities, and exceeds 14 in coastal cities. These figures can be compared to Spain or the United States, where the ratio peaked at 8 at the highest point of their respective real-estate bubbles (Deng, Gyourko & Wu, 2010; Ding, 2012).

Most middle managers I interviewed cannot afford the high family expenditure Chen Jin described. In supporting their family, some managers open 'WeChat shops' selling some products with the hope of generating some income in this way. For example, Lai Chang sells eggs and Lin Jin sells family utilities imported from Thailand through their WeChat accounts. Lin Jin told me:

This is an attempt. It is a way to make some money. I have often thought about quitting my job to work for myself. But I dared not to give up work. Now I feel relaxed as I open my own WeChat shop. After all, I don't need to resign. The new problem is that it does take up a lot of time and energy. Every day I feel very tired.

The worrying is mostly around family. The purpose of life is to be responsible for one's family, relatives, and close friends. It is to accomplish something to their satisfaction, to make them proud. Xiao Pei said:

Now in my 40s, I am more conservative. Aging parents and young children, for us in the sandwich generation years. If I have an accident, my entire family, old and young, will be in a difficult predicament. They always remain glued to me. Hence I drive very carefully. I feel I am less daring now.

I think Zheng Xin's family can be counted as a middle class in Quanzhou. Maybe his family can afford a high expenditure. However, the problem is that he is still in a state of stress. Zheng Xin stated:

> I am the CFO of a big real estate company and my wife is a successful consultant. My salary is already high. She earns even more money than me. However, most of the time I feel stressed with my work and family responsibilities. Why do I still feel insecure? It may relate to unlimited human desire. I want more. High salary doesn't mean you will be satisfied. I hope that my next generation will not be troubled by money anymore.

Some informants have already achieved their goal of financial independence. However, their life is still full of worry. The increasing personal wealth is accompanied by a steady rise in tension. One of my informants, Zhou Hua, complained:

> I was granted the original stock of my company ten years ago when it was going public successfully. Now the value of my stock is more than 20 million yuan. If I were to cash out the shares, I would be a rich person in a small city like Quanzhou. This amount of money may cover my whole family's expenditure for the rest of my life. However, I don't know why I always feel insecure.

When I asked her why she works so hard, her answer indicated a lot of different concerns. She told me:

> I do not see my children as too much time is spent on work. Why am I working so hard? Somehow I don't feel secure in this position. I was the HR manager, HR director, and assistant to the chairman. Now I am the Vice President, and also I am in charge of a division. I will do everything possible to prove myself. I have to show that I can produce value for the enterprise and secured my place. So I have to fight harder than anyone else.

There is a saying, "To be successful, a woman has to be much better at her job than a man." In some aspects I can feel Zhou Hua is very confident about herself. At the same time, her attitude and the troubled expression on her face, as well as her voice, indicate that there is something making her insecure. She already has big achievements in the material aspect, but she is unhappy and feeling anxious. The insecurity does not seem to relate to how much money she possesses. Other managers expressed a similar feeling. Liu Fang said:

I am the CFO, senior management of a listed company. Many people admire my achievement. But they don't know I have lots to do. In this world there are no pleasant jobs. Sometimes when I am in a low mood, I don't know where to go.

Some managers worry about the safety of their future career. Li Jin told me that he had resigned from his former job and had joined a new pre-IPO project. Interestingly, in the winter of 2014 when I was doing my pilot interviews, I met Li Jin and at that time he was the CFO of a pre-IPO company. He told me about the challenges he faced during the implementation of the project, in terms of cultural, political, and industrial challenges. In that tough time he really wanted to quit and look for new opportunities. When I returned to my fieldwork in the summer of 2015, I met him again. And this time he told me:

I just joined a new company. It is a new IPO program. I am just trying it out. I don't know whether it is good or not. I hope this will be first time for a successful IPO experience in my career.

These concerns seem to be very widespread, deep, and fundamental. Seeing this, one might ask managers: "Why do you get into IPO?" There are various answers, relating to accumulating more personal wealth, pursuing a bright future career, or making sense of one's individual life. However, most managers would agree that to be a professional manager is the major concern. Many managers are confused about the ultimate purpose of all their endeavors and what effort will truly relieve their tension and provide them with deep fulfillment.

As Li Jin mentioned, his dream of a bright future career is to be the VP of a large company. Many informants take the same view that material achievement can be accomplished by reaching higher-ranking positions in a company. Lai Chang explained:

I am facing the bottleneck of my career. As a CFO, I am already at the top of my finance and accounting career. However, now I am very depressed. I can see the

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success of my friends. For example, one of them became the VP of investment in a large company. I feel caught in the current situation. If I choose to leave the company now, that means I have to face some risks. To join a new company, I have to learn the culture of the company and start a new career from zero. If I choose to stay, I feel a mental imbalance when I see the achievement of my classmates.

Financial freedom

In order to live a secure life, acquiring more wealth seems the only path managers can walk on. Therefore, to achieve financial freedom becomes their dream. Shi Jin told me:

> I am currently earning a yearly salary of more than one million yuan. I will spend a few more years in this company, and if I have an opportunity to make a sum of money I would like to become a university professor for the rest of my life or to do something meaningful.

Financial freedom is the ideal of many managers. However, the criteria for financial freedom vary from individual to individual. A few managers take the view that more than 10 million yuan cash in hand is freedom. Others believe that they will be financially free with the combination of possessing one or two properties and several million yuan. The majority of informants mentioned that after financial freedom has been achieved, they would like to do something meaningful or focus on the areas they are interested in. Topics that are frequently mentioned include traveling, being a professor, or enjoying a relaxed life. This reveals the fact that managers are in a state of tension.

4.5.3 *Zhuang* (acting) and Cheating

Internal tension

More and more enterprises are experiencing internal tension and even disintegration. In terms of his boss's threatening behavior, Shao Sheng said:

The whole society is *Zhuang* (acting). We are *zhuang*. Some bosses have high emotional intelligence. Managing several hundred employees is very complicated. Their *zhuang* is very skillful. The bosses will use different tactics to get you to resign, including rotation, salary cuts, or depriving you of authority. Other bosses have low emotional intelligence. They just kick you out. If you want to *hunxiaqu* (survive), you have to play *qianguize* (the implicit rule). Either you *hun* (get along well) with your boss, or you kick yourself out. There are internal control procedures, but most of them are not complied with. We are suffering as managers for we often have to behave without any conscience.

Zhuang is a popular discourse in every aspect of Chinese daily life. In some managers' mind, *zhuang* is useful to reduce tension. Li Xing said：

Zhuang is giving employees hope for the future and unifying the vision and direction. Hypocrisy, insincerity, and affectation are regarded as necessary qualities for a manager or politician. The manager takes it for granted that he himself has to be merciless and employees are ignorant or fools. In management, classification or hierarchy are hence emphasized in order to keep such differentiation.

Many managers wear a mask to keep a lasting smile even though they are tired and sore at heart. In the book *Coal Mine Owner 30 Years' Self Narration*, Rui Chenggang, a CCTV journalist, said that President Clinton is one of his best friends. But Rui only had a chance to ask Clinton a question in a press conference. His intention is just to show people that he has unique relations with a powerful person and others will do him favors in the future. Another instance is that he requested a smart card for fuelling from a Vice General Manager of PetroChina. Although Rui is just 31 years old, he has emerged as the media face of Chinese capitalism: young, smart and, to the dismay of some, deeply nationalistic (Laowu, 2011). In fact, *zhuang* is subconsciously a reflection of people's deepest insecurities and needs. Zheng Xin said：

Only in a temple can human relations be so pure. There is no status, class, or differences between rich and poor. In our enterprise, if somebody visits, we have to introduce everybody according to their position or social status. Those who have power or authority will always be put at the top. While having a meal with clients, there are main seats and other sub seats. In my personal life, I nearly have

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no friends. Real friends I had only in my school days. After I graduated, I found it very difficult to make new friends in my company or external social circles.

Managers think it is helpful in their work to adopt the discipline of *zhongyong* (moderation). In all things they will not go to the extreme. Meanwhile, many of them don't want to serve the company with dedication. Many informants think it is better not to criticize the boss; even if they have different opinions, they do not present them upfront and try to save face for the boss. Modesty and *tinghua* (obeying what they are told) are perceived to be a good way to maintain a harmonious atmosphere. Also, if there are opportunities, they will flatter their superiors. In China, *yin* (the female) and *yang* (the male) always need a balance, and the middle-way management is thought to be helpful. One of my informants used the concept of the five elements (i.e., metal, wood, water, fire, and earth) in the company's personnel management. Wang Qi told me:

> We classify our employees into *jin* (metal), *mu* (wood), *shui* (water), *huo* (fire), and *tu* (earth). There is mutual promotion and constraint among these five elements. I am the *tu* and *tu* is the foundation, the highest ranking. To be a leader, I will promote *jin* and I need to support my employees and to share my knowledge with them. The relations among the five elements mean that we need to care for each other. I will not treat my employees as consumable resources but invaluable assets. However, from another aspect, *tu* represents the style of the peasant, the low level of education, saying dirty words, or plain clothes, which you can see from my behavior.

In the 1980s, Haier drew up strict disciplinary rules for the workplace in order to correct employee infractions such as smoking, absence etc. Another famous kitchen appliance brand name, FOTILE, implemented even tougher rules for its employees. The leaders of both enterprises believe that "no system will work without rule of law." According to McGregor's (1960) Theory X, employees are inherently lazy and inherently dislike work. Therefore, they will avoid work if they can do it. In most firms, managers think that employees take a "no work, all play" attitude towards their life,

therefore enterprises need certain punishment mechanisms in place in order to motivate their employees.

In the FOTILE example, the repressive regime and the intensive nature of the work created much conflict and tension between owners and employees. After going through several crises with its low-tech products, FOTILE started to adopt the principle of "governance by morality" to replace the value of "governance by law," following the theological sequence of Shang Yang's theory of law (Qian, 2014). It applied the Confucian teaching to daily management and became a unique enterprise driven by its mission, vision, and value. The founder also decided to implement some other changes within the company. For example, the company insists on not going public. The main purpose of the enterprise is to help employees gain happiness both materially and spiritually, and creating a sense of relief for clients.

Pace of life

With acceleration of the pace of both life and work, occupational stress is increasing for most of respondents. Many entrepreneurs find it more sensible to establish a reasonable working pace—one that lets them strike a balance between work and their private lives. However, others believe they have to keep pace with the external environment, finding it unavoidable to meet the rising standard of living and extensive social activities of the global commercial and industrial society they are a part of. Zheng Xin said:

> I don't find that I am happy very often. Most of the time I experience pressure and insecurity. Insecurity has to do with the need for a better living condition. The higher the standard of living you want, the more you feel insecure. For example, you want to buy a house in Xiamen, or want to buy a luxury car, a BMW or Benz. The Chinese economy is changing so fast. Nobody can understand the development of real estate and the high housing prices, or predict the future trend.

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The industry will certainly impact my future career. I feel pessimistic about our country's situation. I don't know what your view is about the mainland. Maybe if you are in Macau you will be more clear about the situation.

Much business entertaining left some informants feeling tired. Huang Zi said:

I got tired of entertaining, I feel it is meaningless. I have no more energy to spend the whole night in the clubs or teahouses. There is something happening everyday. Forcing alcohol on you will kill you. For example, you have half a bottle of wine this evening. It remains in your stomach. Know your blood lipids: Raised blood cholesterol increases the risk of heart attacks and strokes.

Some older managers tend to go back to their old habits in order to reduce their work pressure. Rural areas, which are noted for having their unique features, have become the first choice for the urbanites looking to relax and unwind from their fast pace of work and lives.

Drugs, soil and water, food

Due to serious pollution, the soil and water in China are both widely and terribly contaminated. Some managers argue that the deteriorating social environment relates to material prosperity. China has been beset by food and drug safety scandals in recent years. Anyone who can afford to, avoids street food and cheaper restaurants. Huang Zi said:

I know personally three people under the age of 40 with liver or kidney failure. It seems diseases are unavoidable and they are a consequence of dirty food. Gastrointestinal cancer is one of the most common cancers. Vegetables are among the foods most likely to make one ill. Some of my colleagues start to turn their apartment balcony into a small garden. We can see the proliferation of balcony gardens.

Health is the best treasure a man can possess, some managers thought. Huang Zi told me:

Health is the "one." Money, fame, and status are all the "zeros." With the "one," all the "zeros" behind it make sense. Without the "one," all the "zeros" are

meaningless. Therefore, health is the most important thing for humans. Normally I wouldn't touch the food in restaurants. It is too oily and salty, which is not good for your health. But I have to attend those banquets. Each time after entertaining my clients, I return home and eat porridge.

It is clear that many factories have no basic idea about hygiene standards, and disregard mislabeled packaging, abnormal coloring, odors, and bruising of food products. Most managers believe that all the problems of the country come down to the system. The system is corrupt from start to finish. The food safety system is thoroughly corrupt. Liu Fang told me:

> More and more scandals have come to light. There are terrible secrets behind the scandal, according to a news anchorman for the CCTV. The newspaper also reported that some suppliers in Shanghai sold expired meat to McDonald's and other major restaurant chains.

Some informants could not curb their anger while talking about the cheating in the business field. They described fake and inferior products as a dangerous "tumor" in our healthy economy. Regarding this problem, Chen Xing told me:

> Businessmen don't tell the truth. They cheat for financial benefit. If they lack integrity, it is no use for them to *baibai* (a way of religious worship). A well-to-do man will earn money through his hard work. On the contrary, people without ability will cheat for money. The stock market is a casino, full of cheating. Some people have committed suicide by jumping out the window of a building because of stocks. Money is the number one cause of these problems.

Some of my informants focus on ferrying goods from Hong Kong, Thailand, New Zealand, Australia, and Germany to China. Others like Lai Chang are selling organic eggs, vegetables, or agricultural products from their hometown to colleagues or neighbors. Lin Jin is busy with ferrying goods from Thailand. He always labels these goods as trustworthy, high quality, and absolutely genuine to attract customers. Lin Jin said:

> In my store[s] I choose slogans that will give my customers confidence, such as *rujiabaohuan* (if there is a fake we'll exchange it for a real one), or *jiayifashi* (if

one product is fake, we will give you ten as punishment for ourselves). I also post a lot of jokes on my WeChat. This is a way to be relaxed and also help my clients to become relaxed. Most people are living in extremely stressful situations. They need *jianya* (to reduce pressure).

Education

Some managers worry about the education system. As an owner, Chen Xing mentioned that he doesn't care about employees' educational certificates. He said:

> Three young people from a consulting company gave lectures to our managers. They charged 38,000 for forty minutes. I think their point of view is right. But it is very hard to apply it in real situations. It is not that simple. Many college students look forward to having an ideal job on graduation, but few make it. They must adjust their outlook on employment. Education is meaningless.

Dai Yi also criticized China's school system. He said that the education system is an instrument used by authority to fool the masses. Our education has adopted Western curricula and discarded traditional culture. Now some schools are starting to incorporate this into the curriculum. Dai Yi said:

> Our education system cannot be trusted. Maybe what you are studying is of no use. One day when you graduate, you will find your knowledge is rubbish.

Some other informants take the same view that the educational certificate is good for nothing. Zheng Xin compared the week he spent in the temple, with our current education system:

> I feel that the seven days I lived in the temple is a kind of education. It is a silent transformation for me. Although it is only seven days, its power of influence is stronger than any other education. It is more influential than spending several years in school. It lets me know a group of people, a pattern of life, and an attitude towards human interactions. It is a real temple, full of the spirit of Buddhism. They don't tell fortunes, sell incense, and have people *shaoxiang* (burn incense and worship the gods). They don't do business like selling handcrafts or tickets.

Due to concern about the quality of the education system, Wanda invested 800 million in establishing its own college, similar to a university campus. The purpose of the

college is to provide on-the-job training for senior and middle management. The college's motto is "Useful." Qipilang and Richun, the enterprises of two of my informants, also have management colleges. The focal point of Richun's college is training in Confucianism, Buddhism, and Daoism. Qipilang seeks to convey the firm's values through its training programs. The boom in establishing internal colleges, according to one of my informants, is intended to fill the gaps that have plagued the formal education system, gaps that have long needed to be filled.

Some managers suggested that social degradation is accentuated through widespread addiction to drugs, which is harmful to many young people. Xiao Pei told me:

> The society is really a mess. Before the 1970s, there was a positive public opinion of faith, responsibility, and conscience. Some people around us have taken drugs for a long time. Many of the drug takers are young people. Some of them are even children age who have just left school. They are the children of rich people. Most young people are lured by free drugs from friends and classmates, later it will cost five yuan per day, and finally 500,000 yuan.

Managers take the view that children's education is vital for their future development, and strict supervision is needed. In order to provide a better education for his child, Ding Hua relocated to Quanzhou city. His workplace is in Jinjiang. For the same reason, Chen Qi decided to relocate his family's residence to Quanzhou. His own workplace is in Quangang, a town belonging to Quanzhou city. Zheng Xin has registered in various training programs for his son to learn English, table tennis, painting, and piano. The family is kept busy accompanying the child to attend these classes every weekend. Parents feel unsafe when their children do not attend enough training programs. Many managers arranged for their children to emigrate and acquire the nationality of developed countries. Thus their children can have education abroad. Xie Jia said:

The three most important reasons for this phenomenon are to make it more convenient for children's education, to insure wealth security, and to prepare for endowment.

High-level needs

Some informants' response is fully in accord with Maslow's needs theory or Clayton Paul Alderfer's ERG theory (1969)—that the higher needs will intensify only after the lower needs are well satisfied, and most of my respondents take to hearts these theory as well. Shao Sheng said:

> When human society develops to a certain stage and material well-being reaches a certain level, the effect of quality (*suyang*) will then improve greatly. People are concerned more about child development, education, and smog. The needs go to the second level of Maslow's theory. In first-tier cities like Beijing, Shanghai, and Guangzhou people go to the third level. It has nothing to do with money, especially for billionaires. The damage to the external environment also forces enterprises to transform. Only a few producers have the possibility of transforming. The whole batch of enterprises has to be closed.

Some companies reflect on such problems and do not dare to cheat. Wang Qi said:

> Our prices are fixed. It is the same for acquaintances. The only moral tenet governing the conduct of business in our shops is that the goods should be genuine and the price fair. Our mission is to uphold the integrity of management. The company's strategy is customer demand-driven. We are committed to providing our customers with high-quality competitiveness of goods and services. In terms of on-the-job training, we convey the value of thankfulness and operating in a transparent mode. Many fine traditions have been discarded. We are all taught as children that we should be grateful every day. Employees also need thankfulness. Traditional values are helpful in doing great work. Therefore, we emphasize humility, politeness, and truthfulness, which are the core values of the company.

The real story

Many informants express the need to be informed about what is happening every day around them. Some mentioned the term "collective confusion"; they see and hear various conflicting reports coming from the news agencies, but are not able to assess which information is correct. In order to access more reliable information, a few

managers told me that they got around a firewall in order to visit foreign websites regularly. These websites have a Chinese version that is easy for them to read. In contrast, domestic *yulun* (public opinion) and news are not reliable.

4.5.4 Managers' Thought Structures

Born at different times and doing business in different countries and cultural backgrounds, both overseas businessmen and Quanzhou mangers have the same experience of insecurity. Is insecurity a part of Chinese culture? Is it carried in the "genes" of traditional culture? Where do these old genes come from? It is easy for us to understand that for overseas Chinese businessmen, the survival mentality is embedded in their system of thinking (Redding, 1993). They believe they are put in unsafe places. They have had a long struggle since they were young businessmen, but they came out on top in the end. Struggling is essential in their rags-to-riches life. They understand very well that God rewards those who work hard (*tiandaochouqin*). They are the hardest-working people on earth. They have the reputation of being extraordinarily hard workers.

Redding (1993) suggested that, in the Chinese mindset, individual behaviors are centered on family, abiding by the law, and doing one's duty. It seems that the first-generation entrepreneurs in China share similar values with the overseas Chinese businessmen. As a representative of first-generation entrepreneurs after the country's reform and opening up, Wang Jianlin's advice to young people is to struggle, which is the main point of his life philosophy.

Traditionally, the behavioral style of the Chinese people has been dictated by the necessity for survival. China's ambitious engineering extends back at least as far as 5th century when construction of the Great Wall was undertaken. Intended to keep out

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marauding northern nomads, the Wall manifested a concept of insecurity and defensiveness that has not substantially changed over the millennia. Today's managers both inherit and pass along the gene of this traditional concept. Their thinking is influenced deeply by their historical culture, religious life, and geography.

For two centuries, the foreign aggressors acted as "land grabbers." Chinese culture suffered much damage. For a long period of time, Chinese people didn't build up national confidence and pride. Worshipping everything foreign became people's common inheritance. Some entrepreneurs have a dream of bringing about change. Since the 1990s, managers have started to extend their reach, hoping to build a big business really quickly and settle into what they assume will be a secure pattern of business life. Many managers have indeed seen themselves as successful. They are increasingly confident about their future business development (Fong, 2007). They regard themselves as an elite group, sensitive to new business opportunities and able to predict future economic trends. Obviously, their ambition is increasing. They hope that in the near future Chinese businessmen will set the rules of the game in the international business world. Due to its implementation of 'wolf culture', Huawei has become for many bosses and managers a good example of successful business expansion. Huawei teaches wolf culture in its firms. Expansion and the doctrine of wolf culture are normal values followed by managers in order to build a world-leading company. In parallel, however, immigration is still regarded by many as the only pathway for those seeking security in terms of pension, children's education, and food safety. Whether following the values of wolf culture or pursuing a Western value system, though, both groups of managers emotionally expose an internal sense of unease and concern about the future.

Insecurity is an integral aspect of the desire to live a life. The notion that "food is the first thing for the people" is the fundamental idea in Chinese civilization (Zhang, 1997). Difficulty in *hunkoufanchi* (bringing home the bacon) is to some extent the reason for all insecurity. The Chinese people have gone through tough days in the past. That experience is still affecting people today, shaping their preoccupations and their ways of thinking. Some informants don't feel good about the habit of eating out, not packing food, and wasting leftovers. It is the impact of the memory of those toughest days in the Cultural Revolution, the great famine, and other political movements. Even in the early years of opening-up and reform, people couldn't afford to put enough food on the table. When the stock market goes down it tells everyone that times are bad, and both consumers and businessmen tighten their belts accordingly. As investors they face the future with uncertainty, composed almost equally of hopes and fears.

According to Maslow's theory of needs, people's needs include physical safety. More and more people are worrying about food scandals and environmental damage. There are also higher needs, including self-development and self-realization. There is plenty of wealth-creation going on. Therefore, to become rich overnight is a miracle managers often dream about, however remote the chances are. They are hoping for financial independence. Although some of them already have accumulated considerable wealth, to act dumb and keep a low profile is their philosophy. It is said that if one is trying to rise in a state like China, one doesn't want to show himself. The wise way for a manager to protect himself is to hide his light under a bushel, to be a smooth negotiator, or an avid runner as "the bird out of the group will be shot."

Reflecting a step further on my interview data, it seems the self-interested *homo economicus* and the singular material obsession are ingrained in the system of thinking of managers. Rapid economic development is creating troubling anxiety—the spirit of

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capitalism seems to have become their blood and stirs in the flesh like an immanent force. "Socialism with Chinese characteristics" certainly has been replaced by "capitalism with Chinese characteristics."

In conclusion, the business world is constantly changing. Managers are struggling to catch up, and to cope with the changes. Many informants feel stressed, insecure, or anxious. They cannot relax. Quanzhou is a field where the theme of anxiety or insecurity emerges frequently. It is a fundamental accompaniment to the survival mentality transmitted for generations in the traditional way of thinking. This theme is even more overwhelming compared to the other themes that emerged in my fieldwork. The lack of security of wealth, of China, of the system, and the future of the firm, all weigh on the minds of my informants. Managers are very tired and very anxious in the face of so much uncertainty. Uncertainty has to do with the family, the fast-changing society, development of the economy, and change of government policies.

Organizational behaviors molded on doubt or insecurity must be utterly distinct from those stemming from thoughts focused on goodness, beauty, and truth. As organizational goals are based on cash flow, financial resources, and continuous expansion, more and more managers feel themselves growing numb and confused. Questioning the meaning of work and life, they drift like an abandoned ship at sea. It is the blend of anxiety, fear, pain, insecurity, and naiveté that makes each person confused.

4.6 Transformation

Due to excess supply in the property market, the burden of rising debt, and the fall in both revenue and profit for clothing and footwear, transformation has become a popular discourse in Quanzhou. Managers are preoccupied with idea of innovation or

transformation, which is thus one of the key themes in this study. The main issue is how they are going to transform from the traditional industries to the so-called modern industries—although it is not clear what these might consist of. Some managers have the intention of getting out of manufacturing, and moving to something else. Others would like to stay in the industry, but they also think transformation is necessary. Despite what they currently say, many people have their eyes open for opportunities that might arise. There are concerns about the unprofitability of traditional industries and questions about the role of innovation in such transformation. My findings will also reveal the conflicts between new ideas and old ones regarding transformation, especially showing up between entrepreneur parents and their children.

4.6.1 Innovating and Undertaking

"Innovation is difficult, but it is more difficult without innovation; transformation is exhausting, but it is more exhausting without transformation"—Lin Jinben, Chairman of Fujian Energy Group Corp. and one of 30 Fujian entrepreneurs who wrote President Xi Jinping a letter in May 2014

There is a lot of anxieties and concerns on the part of entrepreneurs about China's economic condition. Questions have been raised regarding the need for deeper economic reform, such as: "What is the biggest risk facing China?" and "Are reforms needed in order to keep the economy going forward?" Much transformation has in fact taken place in the past several decades—1978 was the year of farmer entrepreneurship; 1984 is known as the first year of enterprise; in 1992, the government encouraged the masses to jump into the sea (of commerce); 1998 was the Internet revolution; and the current decade is about mass entrepreneurship and innovation. The mindsets of Quanzhou entrepreneurs were also trying hard just to catch up. Many informants

pointed out that China has become the world's factory, focusing on less valuable aspects such as production and manufacturing. They realize that China needs innovation. But most of them are confused about what the next step is. One of my informants, Yang Hong, said:

> We have a large engineering machine. But we cannot produce the key parts such as aircraft blades and the bearings for express trains. It is obvious that our manufacturing lacks the kind of professional standard that would advance our economy further. Maybe China's economy should be transformed from investment and exports to domestic demand and domestic services.

Some other informants think the transformation should be undertaken in a more proactive way. Cui Lin said:

> During the transition, the economy is declining, taxation is reduced and employment is dropping. It is more difficult if the transformation is based on passively dealing with these problems. We need to think about our old way of management. But I don't know what the future for manufacturers is?

The clothing and footwear industry in Quanzhou is a mature and traditional one. Started in the 1980s in Shishi, a Quanzhou town, the industry ably supplied the domestic market. After the 1990s, competition put much pressure on the Quanzhou clothing industry, as Zhejiang and Guangdong were rising rapidly. Jinjiang is another emerging industrial town in Quanzhou. At the beginning, it was a little-known rural town in the coastal province of Fujian. Gradually, it became the biggest export center for sports shoes. One of my informants, Chen Chang, told me:

> Quanzhou, this new industrial city, is a major center for making clothes, zippers, and toys. There are thousands of shoemakers and dozens of nationally known brands. These shoemakers employ several hundred thousand workers and produce more than 500 million pairs annually.

Shishi and Jinjiang are also famous for *shanzhai* (copycatting). When somebody has worked very hard for half a year to design a pair of shoes, it only takes four hours for thousands of shoemakers to copy that design. Liu Dong said:

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An extraordinary array of talented young people is busy with copying others' design online, rather than producing original designs. Thus, we cannot find an enterprise designing fashionable clothing anywhere across the globe. Currently, we don't have stunning design. The clothing business has been so depressed and foreign brands are taking advantage of the situation. Copying is an important cause that results in the defeat of the whole industry.

According to a survey conducted last year by the website tech.qq.com, nearly 95% of Chinese Internet users believe that counterfeit goods are "running wild" online (Ma, 2015). Some studies argued that this is a necessary period for China, because the USA has a 70-year history of 'copycatting', Europe 30 years, and Japan 15 years (Ma, 2015). The key point is identifying the next step. He Sha, the founder of a private business, said:

> Thanks to the reform and open-door policy formulated by Deng Xiaoping, my business is expanding very well. I enjoy the fruit of the policy. At the beginning my business was counterfeiting. At that time, there was not much competition. But now many people want to share this cake and it becomes very difficult to be profitable. I decided to change my direction, to take other business opportunities.

During the fieldwork, Pu Duan told me:

> Homogenization is serious among enterprises. Blundering psychology and fickleness are the root cause. When a product is selling well, many people follow and produce it. Now the responsibility of enterprises is to provide high quality products and services to consumers. Entrepreneurs are facing common challenges and shouldering common responsibilities.

Other informants expressed a similar idea and emphasized the importance of a sustainable economy. Liu Dong told me:

> Many industries are over-producing. Only if entrepreneurs are responsible, creating better value for clients and society, can they produce high quality and innovative products. Why did Nokia lose market share and was pushed out of the international market by Apple? The reason is that Apple is able to create better value for customers. Most private businesses in Quanzhou are manufacturing based. They have a rich industrial foundation. If entrepreneurs have determination to change, they will have a lot of room to develop within the traditional industry.

The 'Made in China' label is perceived as indicating low quality and low price. The criticism has been made that there are no major national enterprises like Samsung in Korea or Sony in Japan. There are a lot of low-level and redundant projects. The skeptics insist that most companies will never be able to maintain good performance, because they will always be tempted to cut corners in order to maximize their profits. Some informants take the view that once early adopters latch onto something new and useful, the rest of the firms should quickly follow. Lu Hai said:

> My boss was born in 1972. He established the business in 1999, already more than 15 years ago. In the last five years, due to the continuing recession in the clothing industry, it is difficult for us to find breakthroughs in our business. We missed several opportunities. For example, in 2004 we could have adopted the business mode of franchising. It is a very good way of financing. In 2009 we could have introduced e-commerce. At that time there was high possibility of success. But now it is different. Now we need a new opportunity or platform for development.

There are new challenges for manufacturers, especially after they have gotten used to one way of doing business and don't have the motivation for innovating. In traditional manufacturing, the design and production procedures are predetermined. Everybody can copy the design and production processes. Now the most difficult thing is that the product cannot be determined, because tomorrow or after a period of time changes will be needed. In the age of the Internet, nothing is fixed. Energy and information can be integrated and produce unexpected things (Zohar, 2004). This is easy to say, but to apply it successfully to management might be another story altogether. One of my informants, Ding Hua, who is in charge of transformation of the management of his family business, told me:

> There are many problems and challenges faced by traditional industries. Actually, our business started in the early 1980s. It is a traditional one. Some famous brands established their factories at the same time, like Anta and Tebu. We are now thinking of transformation. The concepts of the Internet, new thoughts, and new way of thinking are totally different from the traditional ones.

Managing in a crude way is a common phenomenon for most family businesses in Quanzhou. Implementing lean management would cost a lot of money. However, our enterprise seems to have no other choice. After experiencing raw material price fluctuations, fall in exports, labor shortage, more and more shoemakers are seeking the growth and sustainable development of enterprise, focusing more on software implementation and lean production. Our company is currently contacting consulting companies to see if there are any opportunities for improvement. Also, enterprises like Hengan, Anta, and Qipilang are good examples for us to learn.

The majority of informants are concerned about the economic recession and difficulties faced by enterprises. Some firms plunge into financial distress in the fierce market. Wu Ji told me:

When everybody was involved in the clothing business, the company faced the capital chain rupture. The suppliers only sell raw material when they have been paid in cash. For the family business, it was a painful memory, the homogenization crisis.

Many owners were plagued by great storage burden and financial difficulties. Many of them finally collapsed. Lin Shui said:

Copycatting operates so efficiently in clothing and footwear. Big fish eats small fish. Sixty percent of enterprises project a deficit due to severe competition. Enterprises are very weak in anti-risk capabilities. Every day I hear that enterprises around us have collapsed. There are only a few brand names that still have hope, like Anta and Hengan. Other factories dare not sell their products online due to the low quality. I have been running my business for nearly 38 years. Today is extremely difficult. In the 1990s, I could easily borrow 100 million yuan from my acquaintances. But now borrowing 5 million yuan is impossible.

Many factory owners can't see when the market will experience a rebound so they are trying to cut their losses by winding up their business, before all their money is gone. I knew a driver during my fieldwork in Jinjiang, Ding Shen, who was a former footwear factory owner. One day he chauffeured us to the airport. On the way he told me:

I owned a shoe factory in Jinjiang. I had been running the business for more than ten years. My business was not operating so well. Especially, shoemakers were

competing with each other and I couldn't make money anymore. So I decided to shut my factory down and became a full-time driver.

I think his factory must be among thousands of closed factories. Chen Xing explained to me the reason for over-production:

> From 1949 to 1978, every family was suffering from a critical shortage of supplies. People were very poor. You wouldn't find a sofa, television, teapot, fabrics, hats, refrigerator, or air-conditioner within the common home. Anything you produced would be in demand.

> Due to reform and open-door policy, now we have everything in our homes. Currently every project of investment is a kind of waste. For businesses costing from 100 to 200 million yuan, entrepreneurs make decisions so fast, investing all the money, sometimes combining bank loans. If one business is unsuccessful, they rush into another business. Guangdong, Shanghai, Wenzhou, almost in every city, there are desperate owners of failing companies.

> I am always observing market changes, social transformation, and the news. People are unsatisfied and have so many desires. The mentality of being a high official or the big boss prevails. I think they would have unceasing trouble. "Dare to fight for the prize" is the spirit of Quanzhou merchants. In 1980s, most people fought for the prize and they were successful. Currently this spirit is dangerous, as the more you fight, the closer you are to approaching collapse. We often see blind mass action in China, everybody doing the same business.

The strategies of most businesses seem to be centered on immediate profitmaking.

Huang Zi said:

> If there is a chance to earn money and you don't take the chance, I think it is stupid. Why don't we undertake the business rather than let others take the opportunity?

Other informants have the same idea. Yang Yi told me during the banquet:

> Many enterprises went public in order to raise money. The purpose of having this money is for further investment and expansion. The money was invested in any business if it was profitable.

Due to the difficulties manufacturers face, Quanzhou local government is undertaking financial reform, encouraging more private resources to be directed to this industry. However, some enterprises still cannot get a bank loan. It is reported that 18 enterprises

including Nuoqi were reported to have "runaway bosses", a phenomenon that is becoming a 'new normal'. Also, there are more than 70 enterprises in Quanzhou that are reported to be lacking in finance creditability (Hua Xia Times, 2014). In order to sustain their business, many owners attempt to take higher risks. Lu Hai Said:

> Quanzhou merchants are interested in gambling. The typical example is mark-six lottery. Quanzhou is one of the most famous cities in China for this game. Many people lose their money in such gambling. They are eager to become successful right away. In the 1990s, many normal families, bosses put all of their money into it. Risking one's whole fortune in CCTV advertisement is another example of gambling.

It is reported that Ding Shizhong invented the business model of advertising through sports star and CCTV. In 1990s he invested several million yuan, equating to years of profit or running the family business, in advertising. Subsequently many bosses copied this model. CCTV 5 became the Jinjiang channel. For the new generation, these events are exciting adventure, and unnerving.

The company Lilang undertook this kind of gambling in 2002. Wang Liangxing, the company's CEO, borrowed several million yuan from Shanghai to pay movie star Chen Daoming's advertising fee. At that time, his business had a liability of about 30 million yuan. He also got money from friends or illegal underground markets. "The victor is the king, the loser is the bandit," Wang said. In 2002, the company's revenue was only 40 million yuan. At the end he won the battle. In 2004, Lilang's revenue became 100 million yuan. Then, Wang made a bigger bet. He raised money from friends and decided to pay 10 million yuan for advertisement for 16 days during the Olympics. That year the revenue of Lilang increased by 400%. In reality, though, Lilang was short of cash.

4.6.2 Fictitious Economy or Real Economy

When I asked my informants, "transform from what to what?" many of them had no answers. Kang Jing told me that his company is selling projects at a cheaper price. Some enterprises are taking steps to diversify their business. Many firms still have the purpose of expansion and increasing productivity. Lin Shui told me:

> We are investing in more machines currently. I have to take this risk, as I have no other means to ensure the survival of my business. It is just like gambling.

Wu Ji, the company's Financial Controller, said:

> My boss is always making the wrong decisions. This is the reason why we are losing more and more money. He is enthusiastic about investment, although he is more cautious in recent years. I think most bosses have considered transition from traditional businesses to new ones, but they don't know how.

From the responses of my informants, transformation seems centered on production and sales and marketing, rather than designing new products or services. Only a few enterprises like Anta, Qipilang, Hengan, and Lilang, are regarded as successful in this regard. Zheng Xin said:

> We need a manufacturing upgrade. Most firms need reform. How to improve? To quote what my boss is saying, we are the generation with little cultural attainment. We were primary or middle school level students. Now the size of business is so big, how to innovate? I think, in Quanzhou, only Hengan, Anta, Qipilang dare to try. They have taken on reform in the management system and brand building in recent years.

As mentioned by Zheng Xin, renowned enterprises in Quanzhou like Qipilang, Anta, Hengan, and Lilang stay a step ahead in terms of reform, especially in the realm of brand strategy. However, all of these enterprises seem to be also experiencing a difficult time. In order to strengthen brand marketing and to establish brand awareness, Qipilang diversified its portfolio of business models, brands, and geographies. Lu Hai told me:

Qipilang is our benchmark enterprise. It was established in the 1980s and had very good revenue for several years. At that time it was very easy to get money from banks. They bought many properties and high-end machines. They launched large-scale investment and expansion. However, banks always close the umbrella when it is raining. They could not get money from banks anymore, as China aimed to strengthen macroeconomic control and continued with a tight monetary policy to prevent its economy from overheating.

Afterwards, they tried to adopt a new marketing strategy, first attempting the franchise model. Then, the brand name expanded to alcohol, tobacco, tea, and watches. Again in 2013, the company faced a drop in revenue and profit.

The core value of Qipilang is to remain in a state of struggle, like the character of the wolf. However, as the company has made remarkable achievements in recent years and the wolf has enough food, it is not so aggressive anymore. In addition, the economy is declining. *Wanggou* (shopping online) is eating the cake of retailers. Also, it is not easy to raise money as civil funds continue to drop.

Therefore, recently the founder invited all partners to start a new undertaking, encouraging employees and partners to recall the wolf spirit. Qipilang interpreted its brand as "man has more than one face." In 2010 it developed "*mingshitang*," inviting movie stars like Sun Honglei and Hujun to get involved in marketing wars. It aimed at presenting a different style of movie star, but with the same aggressive character, to build a new Qipilang brand.

Certainly, it is a very successful enterprise, but they have to innovate and reform continuously. What we can do is just study what they are doing, and follow them.

Anta is another company frequently mentioned by informants. Reviewing its revenue over the course of the company's history shows that, starting in 1991, it took the firm ten years to achieve 1 billion yuan in sales revenue. Then, it spent another ten years to achieve the goal of 10 billion yuan. The company plans to take the opportunity of the next ten years to achieve 100 billion yuan. In his address to employees in 2015, Ding Shizhong, the CEO of Anta, said: "What we are doing is subversive. But we need to be in the state of struggling, meaningful struggling. We are struggling for efficiency and competitiveness. We subvert ourselves so as not to be subverted by competitors" (Huaxiajishi, 2016).

He quoted Leijun (the founder of Xiaomi) as saying: "In this age, everywhere is in the teeth of the storm. We are at the forefront, where the pig is able to fly." He pointed out that China's economy is experiencing a new round of transformation and upgrading, thus the company's confidence in achieving revenue of 100 billion yuan over the next ten years. However, the major challenge for the company is that the global economy is facing huge difficulties and most businessmen are in a bad mood, and are fickle (Jinjiang Economic Daily, 2016).

It seems Anta wants to be No. 1 in the world sports utility business. As Ding Shizhong says, they do not aim to become China's Adidas, they want to become a global Anta. In order to strengthen its brand name, Anta needs to have a lot of funds. One of Ding's major concerns is how to raise capital. Ye Xiang explained to me:

> Anta, in order to achieve its commercial ambition, has to conduct reform, especially in its brand strategy. With such an ambition, Anta needs money and resources, to support its reform and transform. Ding Shizhong is *rendadaibiao* (the National People's Congress delegate). He has submitted several bills, suggestions and recommendations, all related to the need for financial support and internationalization of private enterprises.

Xu Lianjie, who is regarded as the godfather of Quanzhou merchants, continuously leads his enterprise Hengan to transform and reform. Some informants told me that many successful local business owners were always seeking guidance from Xu Lianjie. Hengan has been placing much reliance upon international management consulting companies.

In 1996, Hengan started to operate its "Anerle" brand baby diaper business. However, sales were only floating at 1 billion level for several years. In 2009, in order to drive its "second-wave" management reform initiative, Hengan initiated full-scale implementation of its Performance Excellence System. It set a goal of sales exceeding

the benchmark of 10 billion. In 2014, Hengan and IBM signed a project contract to start "third-wave" reform, which aimed at establishing Hengan's big data industry pattern. Hengan is a 100 billion market capital giant now. Xu believes business has to seek support from big data (Guo, 2014). Many informants agree that in order to keep up with the changing market, Hengan places high emphasis on management transformation. Lu Ying told me:

> More and more private firms have realized that managing in a crude way cannot sustain the growth of business anymore. Xu led the enterprise going public in HKex in 1998. He sees this opportunity for building a modern enterprise system. Hengan is among a few companies that benefit from the process of IPO. IPO is the bedrock for Hengan's future development, enabling it keep up with the latest market developments in the world, and maintain competitiveness in the tissue market.

Compared with Hengan, the founder of Jilong has been hesitating about the high cost of implementing management transformation. Liu Jun, the Secretary of Jilong, explained to me that the transformation is commercially motivated and the old mode of management cannot be changed in a short time. He said:

> The mind of my boss remains the same. He would like to transform internally rather than rely upon a consulting company. Saving money is more important. He brought managers to Zhejiang and Jiangsu, visiting listed enterprises and well-known enterprises, hoping to learn from outstanding enterprises' management.

Other informants have the same feeling that their enterprise's management is very crude. Wu Ji said:

> The main driving force for innovation is profit making. Many family owners get rich because of government policy rather than wisdom. They cannot become a holy person overnight. For example, my boss has made many decisions, but it is "all thunder and no rain." It is difficult to believe that we still see the old-fashioned autocrat in management today. The reform is superficial.

Some managers admit that they use scientific management tools, but with little effect.

Chen Liang said:

We often use Porter's five forces and PEST to assist in strategy formulation. We use these methods to analyze working capital, market size, orders, growth trends, and so on. The purpose is to improve competitive power and sustainable survival. Since the early 21st century, we have introduced OA, ERP, and BSC to improve our company's efficiency. I am always in the meeting room, from Monday to Friday, as this is the popular way adopted by firms that believe in scientific management. However, I don't feel any improvement in efficiency. On the contrary, I feel very tired. Even in small matters our employees rely upon a powerful person to make the final decision. We have prepared various reports, but I think they are of no use.

Somebody had the idea of the Internet. Recently, Premier Li Keqiang made remarks during his inspection of two Quanzhou enterprises. He stressed the importance of Internet Plus. Due to rapid economic development and the improvement of the mass living standard, some informants are impressed by the service industry flourishing in some Chinese cities. Logistics has become one of the major drivers that can advance tertiary industry, it seems to some. Jiao Ying said:

The service sector is developing so fast. As humans, we are lazy. With the developments of the social economy, people's demand for doctors, house helpers, lawyers, and procurement services is growing. These sectors benefit from the human imagination. Tmall, Taobao, and Jingdong are at the center of the battle for the e-commerce market, currently experiencing phenomenal growth. Internet sales are everything. Everyone likes online shopping. At the same time, express companies have rapidly expanded. Every day our company has packages.

Some informants think e-commerce is stealing market share from traditional industries, and fast. The recession is taking a serious toll on manufacturing, and e-commerce could emerge as a winner.

E-commerce was often emphasized by Lu Hai, Ding Hua, and Chen Qi during conversations. Ding Hua is directing his efforts towards the strategy of combining traditional ecommerce with the new model of e-commerce, a B2B business model. He contacted me on a recent visit he made to Macau; over dinner, he asked me about a well-known person in Macau who is a knowledgeable expert in the field of big data.

Ding Hua's enterprise is a traditional shoe manufacturer in Quanzhou. For 30 years the business operated in a manual and labor-intensive way, focusing on making cloth shoes. Ding and his brother-in-law are thinking of a new brand strategy. The brand name "Dengzu" was developed in the wholesale market. After 2005, it had breakthroughs in both production capacity and sales. As a production-oriented enterprise, with sufficient cash, the consideration will be building its own brand name.

In the past two years, it is well known that with the market downturn in sports shoes, many small brand names haven't been well positioned for survival. One might assume that cloth shoemakers would have favorable opportunities. However, Dengzu was facing difficulties. Ding Hua told me:

> We have been "*cheng*" [to make oneself do something in spite of adversity] during the past two years. Although the market for cloth shoes is not bad, production costs are increasing and the selling price has become lower. I know that many brand names have developed a new concept, a way of living, they are well known for a time, but in the end they become unknown to the public.
>
> It is the problem of business operation model. I am of the post-80s generation; as successors of our parents' business, we have strong motivation to reform. We decided to implement a brand strategy. For more than twenty years, "Dengzu" has wanted to change its old model (i.e., production-oriented) to a new image (i.e., brand-oriented). We decided to open our own stores. Nuclear fission is a concept introduced from physics. It is a process in which the nucleus of an atom splits into smaller parts. To introduce the concept of fission into the enterprise, means to start the second undertaking within the enterprise itself.

Ding Hua went on to point out that the direction of reform is the Internet. "Internet Plus" strategy is a common topic among managers. It refers to the application of the Internet and other information technology in conventional industries. Various Internets (mobile Internet, cloud computing, big data, or Internet of Things) can be added to other fields, fostering new industries and business development in China.

China's economy is showing sign of slower growth. The government is making efforts to figure out a plan to create a new driver to stimulate the country's development. Hence, "Internet Plus" is named as a national strategy in the Government Work Report. Some Chinese entrepreneurs in the IT industry place great emphasis on Internet Plus. Liu Qiangdong, the Chairman of JD Group, said: "In the past twenty years, the Internet has been separated from offline businesses. However, in the next twenty years, they will share the same breath." He pointed out that the Internet will be a much more robust force in China because offline businesses are currently much less efficient (Liu, 2015).

Internet Plus in the manufacturing industry means that traditional manufacturing enterprises can adopt information and communication technologies to reform existing modes of production. The Chinese government's goal of upgrading China into a "powerful industrial country" aims to produce new economic forms. It encourages the creation of a suitable environment in which to make innovations or start one's own business. Adapting to the information economy, rebuilding the innovation system, sparking creativity, cultivating an emerging industry, and reforming public service patterns are some avenues of transformation.

However, some informants are not optimistic about the Chinese Internet industry. They point out that the globalization of the Internet industry means that many more people could be tempted to try their hand in the current boom. Chen Qi said:

> Mayun is anxious, and BAT [Baidu, Alibaba, and Tencent] is anxious as well. In 2013 and 2014, the Internet industry had a great impact on traditional industries. However, in 2015 it had to implement offline strategy. More and more Internet enterprises are fighting with manufacturers for business.

Many managers are worried that Internet Plus might not be sustainable. Wu Mei told me:

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Transformation, according to my understanding, means that a group of enterprises have to be closed. Now the Internet is a hot topic. Maybe that is a way out. However, Internet is so easy to be replaced by new technology. For example, WeChat replaced messengers in a very short time. I believe QQ and Weibo (microblog) will disappear one day. It is different from clothing and footwear. We cannot close all the factories and label it as transformation.

Hence, some of my informants take the view that manufacturing is the foundation of the whole society. All people need to produce more and consume less in order to achieve the objective of social development. They pointed out that the real estate industry and the service sectors are not involved in value creation. Zheng Xin told me:

Regarding real estate, as I am in this industry, I would like to talk more about it. The building costs are only 3,000 yuan per square meter, whether in Beijing or Shanghai. But the selling price is much bigger than that, say in Quanzhou, it is 8,000 yuan per square meter and tens of thousands of yuan in Beijing. The difference is in the value of land due to its location. Such a big difference in price is actually a sham. It is not a real difference. It is unfair if we use it as an important measure of economic development. Any price above reinforced concrete is a sham. It is similar to how the value of Internet enterprises is baked into the stock price. Actually it is a bubble.

As a practitioner in real estate, I don't derive fulfillment from this industry although we make a contribution in terms of profit and tax. The money goes to the government in land costs and taxes. It doesn't have a positive effect on social and economic development. It is more meaningful to establish technological enterprises like Huawei and Yuan Longping, contributing to a higher quality human life. I admire manufacturing in Germany, the high tech machine-only operating there. Germany exports machinery and other higher-value products. The unmanned factory is the highest state of manufacturing.

Concerning the upgrading of the clothing industry, some informants suggest that government needs to provide certain guidance. Most enterprises are not confident in undertaking such transformation. Jiao Ying said:

How to transform, transform from what to what? Now it is the government that forces the enterprise to transform to high tech. I rarely hear that a factory is high tech or uses invention. If a labor-intensive factory were to be replaced by machine, the cost would be very high. If improvement were within the same industry, then

how would it be improved? Government doesn't provide any guidance or approach regarding transformation.

4.6.3   From *Renqing* (sentimental connections) to being Pragmatic

The Children of Entrepreneurs

In Quanzhou, many children of entrepreneurs don't want to take over what their parents have set up. For example, one of these children went abroad to study and came back armed with an MBA. He told me that he is willing to take over the reins of the family business on two conditions: if the family business is not in the traditional industry, and if the management is not traditional.

Obviously, this new generation is not embracing the traditional footwear and clothing business. In some way this situation is very similar to a lot of other cities, especially those in the coastal areas. They want to transform the traditional factories of China - Chinese manufacturing - into something else, but they don't know what that something is yet. He Sha told me:

> In Hengan, the founder Xu Lianjie has three children. All of them went abroad to study and came back. They are not interested in the manufacturing industry, which their father has been struggling for the whole time. Xu doesn't want to force his children either. Each of them took 100 million yuan from the family and established their own investment companies. This is normal for family businesses, as the children have different life experience, received different kind of education.

Nevertheless, some of the rich second generation are quite aggressive. Popular topics among this younger generation include brand strategy, the Internet, innovation, joint venture, capital market, and organizational change. They create their own offspring companies. Some companies are experimenting with Internet Plus, downsizing the old factory. They always have new ideas. They are particularly enthusiastic about the Internet, and its relation to the transformation of the Chinese economy. Ding Hua and Chen Qi both take the view that the traditional industries such as clothing and footwear

are too labor-intensive and cannot be sustained in the context of the new economy. These labour-intensive industries will disappear one day, they believe. They want to try new businesses that are created around new media and the Internet in their future development. Internet Plus is always emphasized among these children. Chen Qi said:

> Regarding learning new things, I don't suggest to focus just on my father's framework. I mean those principles are good, but my father doesn't want to get out of this framework. Because my father believes that these principles had brought him success and there is no reason for changing it. He doesn't know how to make use of the Internet, send email, or even type on a keyboard. I went abroad to study. I'd like to attend the gathering of clubs of my classmates or youth commercial committees in the city. I can meet other rich second generation, share our ideas, and talk about the Internet. I am interested in how to combine technology into the traditional industry.

In order to attract more talent, businesses are moving their headquarters to Xiamen. The headquarter transfer strategies give rise to a phenomenon of "headquarters economy." Cui Lin told me:

> In the past two decades, more and more firms have started to use the terms HRM, sales and marketing, governance, etc. Also, young managers realize that innovation and intellectual property are more vital for the sustainability of a firm. I heard that Anta had moved to Xiamen and was able to invite talents from everywhere to join the company, rather than just limiting themselves to family members.

Anta relocated its headquarters to Xiamen, aiming to attract talented people from many different provinces and even overseas. They are also offering a compensation package much higher than other enterprises in the same industry (Zhang, 2016). With more private companies going public, some of the owners are turning their focus to the governance issue. So the professional managers have become important in the listed companies. Liu You told me:

> Moving to Xiamen is my dream. My salaries and other benefits will also be improved. The company will benefit from the wealth of expertise and connections I would have over there. For example, as an important part of financial

management, my expertise in tax planning can inevitably provide help to the enterprise's fund aspect and even its entire development.

Ding Hua is among the children of entrepreneurs I interviewed. He is most interested in the new market, especially the application of the Internet. Also another rich second generation Chen Qi who is concerned about the application of new information technology in management. Among my respondents, Ding Hua, Wu Mei, and Chen Qi are the second-generation entrepreneurs who don't follow the mindset or principles of their parents. They talk more about how to operate capital. They are more pragmatic and negotiate on the basis of equality with employees, partners, clients, or suppliers. In their eyes, *renqing* (sentimental connections) is an obstacle for transformation into a modern enterprise. Ding Hua said:

> Most of the enterprises in Jinjiang are private firms. The succession is vital to the future development of the firms. If there is a successful succession, there will be opportunity in the future. If there is no succession, the other option is going public, introducing a professional team to manage. For a family firm, this is the end of the story. Few enterprises I know in Jinjiang have a successful succession. The fate of an enterprise is like a person. Once the founder becomes suddenly sick and passes away, the enterprise declines too.

> My management concepts are from three sources. First, I learn from my father. I am impressed by his diligence, punctuality, and truthfulness. Second, I learn from my father-in-law, the founder of the current business. I was influenced by his ideas and mindset at the beginning. But now I don't think his concepts is effective anymore. Therefore, I learn from external individuals and organizations. This is the third source of my knowledge. I am also interested in reading books. I have attended many management courses. For example, I attended some classes at the Chinese-European Business School. I feel I need to listen to different opinions and acquire more knowledge. If I rely only on the old generation's experience and knowledge, I would not be able to sustain the enterprise.

Some of them complained that their parents couldn't keep up with trends in human resources management, because they just cling to the old-fashioned concepts or traditions. Wu Mei explained to me:

I went to Xiamen University to attend a course and got to know one of the HR teachers. He had been working in enterprise for many years, with rich experience in HR. I was glad we had similar thoughts regarding managing people.

I think decentralization and empowerment are very important. For future management in emerging industry like the Internet, the traditional approaches are not applicable anymore. I admit the old generation was successful. However, their mindsets have not been changing with time and the environment. So we have several young people within the family forming core groups, committed to transforming our company with the Internet.

These children are not interested in the traditional manufacturing industry. They are enthusiastic with new approaches to investment. Traditionally, Quanzhou people are proud of their spirit of "Dare to be a forerunner, Dare to fight for the prize." But for the rich second generation, these values have become just some empty slogans.

Most of the children of the entrepreneurs are the only child in the family. They have had a higher standard of living as compared to their parents. Most of them have gone abroad. The values they pursue are more akin to the spirit of capitalism and the wealth myths of the Wall Street. Enterprises like Anta, Qipilang, and Hengan went public at the very early stage. They collected a lot of money and became outstanding among their peer enterprises in that regard. Rags-to-riches stories make a lot of young entrepreneurs lose interest in running a less profitable manufacturing company. They also lose their patience. Most of them are eager for quick success and instant benefits. Involvement in IPO rather than operating an enterprise has become the mainstream preoccupation for rich second generation. They are considered to be more aggressive in terms of investment. Yang Hong told me:

Why have stocks been volatile over the past few months? It is because operators are young generation. They adopt a more aggressive strategy. This is very different from old investors, who are conservative. In order to secure gains the old investors always take action to sell when prices rise to a certain level.

The governmental report pointed out that it is constructive to rely on technological innovation to push economic growth (Dongnanwang, 2017). If all enterprises were involved in capital operation, the society as a whole would not benefit. The only effect is fortune transferred from one pocket to another, with no value created. Huang Zhong said:

> Rather than support the main business, many enterprises put their money in real estate, feeding property bubbles. In recent years, more and more rich second generation engaged in capital investment, asset management, real estate investment and high-tech enterprises, venture capital investments. For example, SD also did a lot of acquisition, investing money in the finance industry. It is the earliest enterprise in Quanzhou to invest in the finance industry.

Some informants told me that they have no other choice, because the traditional businesses are facing difficulties of raw material price increases, rising labor cost, decreased product prices, and the inflated value of the RMB. The traditional businesses are operating at an unprofitable level. Further, most manufacturers cannot expand their market in the face of fierce competition. Managers believe that even if they were to increase their production capacity and market investment they cannot be sure of gaining market share.

One might ask why rich second generation does not tend to embrace the traditional business developed by their parents. Yang Hong told me:

> They have much burden on their shoulders. They have to be responsible for the life and death of the business. Also, there are many relatives and family members who are still in the team, the relations are very complicated. Few enterprises are like Xu Lianjie, who had the determination, courage, and authority to fire 42 relatives and his close friends. Also traditional industry is labor intensive, and profit is decreasing. There is conflict because the old generation's innovation capacity is declining to some extent and the second-generation is adopting a more aggressive style of doing business.

The Parents

In Quanzhou, the first-generation entrepreneurs were able to maintain the links of the clan relationship that characterizes the traditional Chinese society. Most family firms favor the family members when it comes to matters of human resource management. But, there are some disadvantages to this scheme; it is a serious constraint to the transformation from the traditional to modern way of management, as some have alleged. However, the owners chose to stick to this outmoded way of doing business, in order to hold the enterprise tightly in their hand. Zheng Xin said:

> Just as my mother worked in the bank and hoped that I would work in the bank, many owners harbor the hope that their children can continue the business in order to sustain and glorify the family name. "Inherited his father's" is still the preferred way for many family firms.

Some old entrepreneurs are more conservative in terms of investment. Wang Qi and Chen Xing don't want to be involved in IPO. They understand that most IPOs have the purpose of collecting money only. In fact, according to their explanation, these companies aren't lacking money. Wang Qi told me:

> Most medium and small-sized enterprises are very concerned about working capital and cash flow. Our company is generating much healthier cash flow. We don't need to build relations with banks. On the contrary, banks look forward to having a relationship with us.

Chen Xing explained:

> I don't invest in the stock market. I think it is a cheating game. At the beginning, they attracted people to invest their money by pushing up prices, giving you a little sweet. Then people will invest more and eventually all of the money will be trapped in the stock market. In the end, they cannot even get back the initial investment.

In this city, most old-generation entrepreneurs would not expand or diversify their business. Their purpose is ultimately to have a more stable profit and for the business which is easier to control. They focus more on *renqing* (sentimental connections). Their children always criticize them as lacking management knowledge. To be sure,

older Chinese managers are only armed with knowledge about production, manufacturing, and engineering. They seem to have expertise only in these areas, and have less knowledge about modern management theories (Warner, 2014). Although they have accumulated knowledge from working in the field, they have less chance to receive education in subjects such as marketing, human resources, government, accounting, and corporate finance, which was made available only several years ago when business schools became popular in China. Ding Ying said:

> I didn't know what strategy was in the 1990s. Nobody knew the term "strategy" at that time. Maybe what the boss said is so-called strategy. In past decades, Jinjiang and Shishi were the two towns that were famous for counterfeiting from Hong Kong, in the clothing and footwear industries. That operation is very efficient. This is what the old entrepreneurs would do. If they got knowledge about a new product introduced into the market, they would copy and produce that product immediately with exactly the same design and material but much cheaper in price.

Huang Zhong explained to me:

> Our company's benchmark is Crocodile or Jinlilai. These two brand names are from Hong Kong. There is an old mindset about succeeding under old manufacturing-based business models. They know they have to change. They aren't quite clear in their mind regarding where to go. Some old entrepreneurs went through the Cultural Revolution and experienced the time of seeing transformation of the economy. They are thankful for the situation now, which so much better than what they were used to.

4.6.4 Managers' Thought Structures

In my fieldwork, I discovered that more and more rich second generation managers are establishing new businesses rather than taking over the businesses from their parents. This is a big shift in family business succession, as traditionally the successor of a family business in China is usually the owner's son or daughter. The traditional way of succession is embedded in the mind of older entrepreneurs, who are influenced greatly by Chinese hierarchical culture.

Over the course of Chinese history, filial piety lies at the heart of the *wulun* (the five cardinal relationships) system, requiring children to obey parents. The Confucian tradition stresses that man exists through his relationships to others; that these relationships are hierarchical in nature; and that social harmony rests upon honoring the obligations they entail (Tang & Ward, 2003). From the point of view of parents, they still want their children to obey them and to sustain the family business. In some other cities, some children have indeed adopted this value. For example, the successor of FORTILE, Mao Zhongqun, gave up the opportunity of going abroad for a PhD program, to take over the business from his father. Now he is implementing Confucian values in the company.

In China, it is thought that people, especially the older generation, are not educated to question what is presented to them. To question somebody or something is perceived to be offensive. People get used to following the rules. They don't have the habit of raising questions. In schools, teachers have standardized answers for students. It is difficult for older entrepreneurs to change their way of thinking. Hence, they tend to protect their industries. This is also the reason why there are so many OEM operations in Jinjiang, but little innovation is found in these enterprises.

Another cultural obstacle for transformation is the attitude towards clients. Some entrepreneurs criticize that the slogan "the user is God" cannot be implemented in daily management, there is no such thing as God in their belief system in China. This makes it difficult for owners and employees to serve their clients in an innovative way. Owners seldom take the time to know the real needs of their customers. They tend to verbally claim that fully understanding customer satisfaction is the precondition for the company's development, and they will satisfy customers' needs as much as

possible. The slogan "quality is life, the user is God" is popular within enterprises but seldom put into action.

By contrast, some children of entrepreneurs are beginning to break away from the traditional management mode due to their different education background. It seems they are more concerned about transformation. Influenced by Western education, some new-generation managers in recent years are behaving in accordance with the doctrine of neoliberalism (Harvey, 2005; Wang, 2003). They place more emphasis on self-actualization and promote themselves in every aspect. In a contest culture, they are self-centered and adopt a more aggressive way of management.

Maybe a common interest among Quanzhou entrepreneurs is the fever for taking risks, which makes it practically impossible for firms to concentrate on innovation. Quanzhou enterprises like to launch a movement. The phenomenon of the CCTV advertisement reveals the preference of Quanzhou merchants for being prepared to take risk, and their belief in the effect of a movement. "Make the most of a bad situation" refers to the attitude of taking risks. And if they should ever succeed, they will become rich overnight.

Taking risk seems to be the main character of Chinese entrepreneurs. In May 2014, 30 Fujian entrepreneurs wrote President Xi Jinping a letter on the subject: "dare to be responsible, risk to be excellent." The purpose is to express the intention of speedily reforming and developing enterprise. In his reply to the entrepreneurs, President Xi Jinping emphasized the importance of creating a better environment for enterprises development all over the country. All levels of government are required to speed up the change of their functions and encourage simplified administrative procedures. He also mentioned better development of the market, a new opportunity for entrepreneurs

to create an innovative future, providing resource allocation for the market, and building a fair competitive environment. More and more private enterprises are encouraged to participate in economic and social development. More and more Quanzhou entrepreneurs are motivated to carry forward the Quanzhou spirit, striving to work hard. "Dare to be a forerunner, Dare to fight for the prize" has indeed been the mantra of Quanzhou entrepreneurs in the past 30 years.

Since Premier Li Keqiang proposed mass entrepreneurship and innovation in 2014, this has been viewed as a new engine for China's economic growth. The essence of mass entrepreneurship and innovation lies in the innovation of ideas and social structures, which can inject more passion, creative power and vigor into the population. Some of my informants recognize the importance of technology, know-how, and innovation in their own industry, which is at the transition point.

However, many managers make the assumption that innovation is only about high technology, that high technology means it is a more expensive venture, and that only big enterprise can have innovation. In addition, the external environment focuses more on earning instant profit and money overnight. Firms don't want to spend money or invest in basic research to develop their competency in technology. The KPIs of some benchmarking companies like Wanda and Alibaba are based on profit, market capital, revenue, and assets. For example, Wanda is implementing its 2211 strategy in 2020. The target of assets is US$200 billion, the market capital of the enterprise is US$200 billion, revenue will be US$100 billion (with 30% generated from overseas sales), and net profit US$10 billion. Despite the strong push for innovation, the top most priority of many enterprises is to build a stronger and larger enterprise, rather than creating real value for their clients.

Reflecting on the response of my informants, the motivation for transformation is again centered on profit seeking. The survival mentality, or the philosophical idea of *homo economicus* is still the mainstream. Transformation and innovation are not something entrepreneurs really like to do. In most cases it is to meet the demand of the fast-changing market, to obey the regulations and policy imposed by government, or to maximize shareholders' value. The key is building competitive strength and surviving in the fierce market. Therefore, a straight adoption of Old World Western culture isn't the answer. China seriously needs to find its own path and create its own new society (Lynch et al., 2011).

4.7 *Renmai* (Human Relations)

The majority of informants emphasize the importance of *renmai*, *guanxi* (interpersonal relationships), or human relations. This is a broad concept, including family members, classmates, friends, colleagues, or government officials. When managers talk about this social circle or human relations, they refer not only to business relations, but also connections beyond the business. In this study I will use *guanxi*, human relations, or *renmai* as interchangeable. *Guanxi* is not a new construct in the context of China. Over the previous decades *guanxi* has moved closer to the center of public debate than ever before. *Guanxi* seems to be a necessary aspect of the manager's daily life. Although people everywhere cannot live without relations, the fieldwork indicated that there is a specific pattern and nature of *guanxi* in Quanzhou.

What is the purpose of building *renmai*, and how do managers go about this process? How does the concept of *renmai* impact managers' behavior? What are its characteristics? Will such relations be problematic—especially when, for some managers, corruption is an element? Are they troubled by corruption when it manifests, or are they comfortable with it? With these questions in mind, through visiting

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enterprises, attending banquets, chatting with my participants in teahouses, and observing their interactions, I tried to reveal this central and inexhaustible tradition in a comprehensive way.

I found that *guanxi* (interpersonal relationships) in Quanzhou tends to emphasize the importance of economic success and material comfort. In a market economy, interpersonal relationships obviously have practical importance, and managers are attuned to instant benefit and place emphasis on utilitarian value. Some of managers tend to objectify *renmai* (human relations) as a source of income, or a pure utilitarian relationship. Moral values seem to be effaced by self-interest—which partially contributes to the present ecological and financial crisis.

Renmai is built and developed through endless entertaining at banquets and nightclubs, or through various form of material exchange, based on the premise that human needs have to be met, which represents the major pattern of managers' life in the modern age. In this pattern, principles such as justice, consideration, practice, and self-discipline would appear to be absent from the concept of social utility. Resources only flow freely among a small group of people with the same background or interest on which *renmai* is built. Although some managers feel stressed with the demands of maintaining *renmai*, they don't want to let it go from their lives.

4.7.1 At Home with Parents, To Go Out on a Friend

Renmai Helping Me Access Informants

Some informants were met by means of "snowball sampling." What surprised me was that in the first three days of my fieldwork, with the exception of the first participant, the rest of them were introduced by my newly met informants. I didn't need to use my reference letters at all, and I just had to make a phone call half a day in advance. Most

of my contacts would invite me out to eat if the time was good for a meal. I was pleased to accept their invitations, as I found I was able to access additional information during the meal, through observation of people's interactions in the dining room.

The vast majority of informants mentioned the importance of connections (*renmai*) during the interviews. According to their responses, connections can be established through family members, fellow villagers, colleagues, classmates, or friends. My access to informants is an example. In most of the cases I used informal means to obtain contact with informants, including classmates from primary or middle school, university, executive development programs (EDPs), ex-colleagues, friends taking the same exam, relatives, and family members. It was easier to build rapport and trust with informants when there is a common connection. Despite the differences in position, profession, or financial status, they expressed willingness to be interviewed and didn't require me to provide reference letters or formal documents.

Sometimes my classmate's friends, who were doing business, paid for my meal, hotel, and transportation in order to show their hospitality. Their relations were established when my classmate was working in another governmental department. I guess my classmate had helped them in some way when they faced difficulties in the past, especially in business or in order to be exempted from certain regulations. Their topics often related to authority (power), sex, or *guanxi* (interpersonal relationships). These business people spend a lot of time entertaining (*yingchou*). In order to maintain their business, sometimes they have to entertain officials. Normally, their leisure time is not spent with family, but with officials, business partners, and friends at a banquet or bar, singing karaoke, drinking alcohol, playing finger-guessing games, or throwing dice, among other pursuits.

When I started my fieldwork in Jinjiang, I contacted an official in government (director of a government department), who is my younger brother's high school classmate. The department is in charge of financial issues concerning the firms where I hoped to locate participants for the study. With his recommendation, very soon I built rapport with these informants. My first informant was Liu Jun. He spent the whole morning chatting with me and invited me for lunch. When I told him that I would be free for the whole afternoon, he recommended another senior manager to me. The next day, he invited me and some other managers to a luxury restaurant for dinner. He said he would like to provide me with an opportunity to meet people from different backgrounds so that I could collect useful information. Many managers take the view that building relationships with others is important. Once the relationship has been established, both parties have the chance to share information, opportunities, common connections, and other means of support.

I felt indebted to Liu Jun and I saw it was obligatory for me to repay him in the future in some way. For example, I could invite him for dinner, share information with him, or recommend job opportunities to him. He also expressed his willingness to have dinner with my brother's schoolmate. He told me during one conversation that in the future my brother's classmate might offer opportunities for him to work in other pre-IPO firms as a senior manager. When I finished my visit in Jinjiang, to show his hospitality he sent me a message saying that there would be a free ride for me to my hometown. I felt that Liu really wanted to quickly connect and establish rapport with me. On the second day, Liu Jun invited me to a banquet and asked me during the meal:

> Could you please ask director Liu to see if he has time tomorrow or not? I want him to talk to my boss. I see trouble coming in our IPO process. Where can we raise money? If we cannot list on the main board, listing on the "new three board" is another choice. Only director Liu can urge him to make a quick decision. I am

worrying about the shortage of money. We are building two more bases, starting with small-scale production. Once it becomes large-scale production, we will need about 40 million yuan. The CFO has told me that in recent weeks we have had not a single dollar of income. But we still need to source materials.

Liu Hong is my high school classmate. He works in the taxation bureau. He introduced me to Wang Qi, the owner of a successful tea business. Wang Qi explained:

Liu Hong is my old friend and we have more than 20 years' of close friendship. He has always helped me and supported me when I needed it. I still feel indebted to him. Although my schedule is too tight, this [the interview] is the most important thing I have to do.

Busy Bosses

When I visited enterprises in Quanzhou, I seldom saw the boss, owner, or founder in the office. Some informants told me that they have a busy schedule meeting with officials, business partners, clients, media, or different circles of people. Yan Shu told me:

They are always in the restaurants, teahouses, or clubs. Those places have a better atmosphere for discussing the deal. These occasions provide opportunities for accessing information, finding talents, and exchanging ideas. Most of their time is spent in connecting with different groups of people.

I also interviewed several owners. During the interviews, owners' offices are always bustling. As they have less time to spend in the office, managers will come and go, asking for the boss to sign documents, approve specific issues, or make appointments with guests. Also, they have to answer many phone calls and meet uninvited guests.

Lin Rong, the founder of a landscaping firm, is also the CPPCC (Chinese People's Political Consultative Conference) and PC (People's Congress) member of the local government. When I visited her company, she was busy organizing a birthday party for a local official friend. She was talking on the phone and inviting other friends, calling them brothers or sisters, emphasizing the importance of attending this party.

She asked her friends to cancel other appointments if at all possible. Also, she told the treasurer to prepare some cash for her, and the secretary to order a cake and book the restaurant.

Chen Xing is a famous entrepreneur in a town of Quanzhou. We made an appointment with him in the morning. As we arrived, some other people came to see him. Through the face of Chen Xing, we could sense that these were important guests for him. He stood up and apologized to us. My classmate understood very well and suggested that we leave. We made an appointment to meet Chen Xing at another time. Afterwards my classmate told me that the visitors were retired officials, who might need Chen's help.

Ke Hui is my university classmate. I visited his company one day. Although I had made an appointment with him, when I arrived he was in the meeting room. I sat in his office for nearly half an hour. When he came out he was on the phone. After he answered the phone, he had to talk to people who came to his office; there was a constant flow of people coming in and going out. He was busy making tea for the guests. Sometimes he was busy reading and texting something on the phone. Actually he could not spare any time for me at all.

This experience is consistent with the results of Mintzberg's (2009) observations of the daily work of 29 managers. They are always busy with internal and external connecting. Managing in practice does not follow the textbook definition—planning, controlling, monitoring, or commanding—but instead consists principally of linking. According to my observation, there are often unexpected guests. Although the presence of these guests in the office might overwhelm the boss, both parties are comfortable with the situation as maintaining a harmonious relation is more important. One day they might need to use the relation.

The fieldwork indicates that my informants continually have to deal with *guanxi* (interpersonal relationships) with different parties, sometimes with the purpose of exchanging favors. For example, when Chen Xing was struggling to run his business in the early days, my classmate was an official and helped him in some way. In turn, my classmate was expecting a promotion within his organization, and needed Chen's help. Chen promised to talk to a powerful official, who had a close relation with Chen. They became friends in this process. Xie Jia told me an interesting story about his son:

> When I asked my son what he would like to do in the future, he said he wanted to do business. The reason is that most of the time he saw me making tea and chatting with friends in the office. He thought this might be all there is about doing business and it seemed easy. He would like to do the same thing in the future. But he didn't understand that I have to rack my brain when I am making the tea and chatting with people.

Drinking Alcohol, Making Tea, and Dapai (Playing Cards)

The way Xie Jia's son thought was to some extent correct. Some informants take the view that the essence of management is having a good *renmai* (human relations), at least this is the case in China today. There are many ways of building *renmai*. First, having meals and drinking alcohol is a traditional way to establish relations within the company, either with peers or between superiors and subordinates. Also, it is an important way to become acquainted with clients, suppliers, and government officials. The first time I met Liu Jun, he invited me to have lunch together. He introduced several senior managers to me that afternoon. He told me that the circle (*quanzi*) is very useful, and having good relations with more people is a reflection of one's ability. He always worked in a relevant field for some time to accumulate his own future connections. He had close relations with several senior management and entrepreneurs while working in Quanzhou as a Company Secretary. He said he could bring me to

visit them at any time—unless they are in conference. Liu Jun explained to me privately:

> I know you are interested in obtaining inside information, rather than what is publicly available. No worry. I will introduce some managers to you. I hosted a big gathering in May, at the *Baolong* hotel in Jinjiang. I invited 37 people. Some of them are Financial Controllers, General Managers, and CFOs.

> The reason why I often invite Wang Zong to banquets is to build relations with him and access information on listed companies and the stock market. According to my estimation, his cash in hand might amount to several hundred million yuan. To build relations with him is not so easy. I need to invite him several times and spend a lot of money on eating, karaoke, and massage. Then, he and his friends will start to trust me and I will eventually join their social circle (*quanzi*) and become one of them.

In the fieldwork, I found that *dapai* (playing cards) is another way of making new friends and doing some networking. Some managers would suggest going to teahouses for *dapai* after banquets. My informant Wang Zong also likes to play cards. In the 1990s there were popular card games like *doudizhu* (fight the landlord), *bashifen* (eighty points), *gongzhu* (chase the pig) in government departments or SOEs. It was a way to entertain colleagues at noon or in the evening, as at that time there were no cellphones and Internet to pass the time. *Dapai* became the dominating passion of many people, including Wang, who was a government official. He had also worked in the SOEs previously. When there was a fever for *xiahai* (jumped into the sea of commerce) in 1992, after Deng Xiaoping travelled to the south of China, many people resigned from SOEs or governmental organizations to join a private enterprise or establish their own business. Wang also *xiahai* and joined a private enterprise in Quanzhou.

However, the hobby of *dapai* remains unchanged. Some managers who often play cards with Wang have a similar experience. *Dapai* is regarded as a way to release stress. Also, during *dapai* they can talk about business and job opportunities, the stock market,

the management style of bosses, compensation schemes, or how to help each other in some way. The benefits of *dapai* (playing cards) are exactly like those of banquets and drinking in the nightclub.

Alumni Associations

Guanxi (interpersonal relationships) is built through family members, kinship, colleagues, acquaintances, classmates, countrymen, and teacher–student relationships. Liu Hong told me:

> Relationships are ubiquitous, especially for family members. Most founders of enterprises are family members. The Hong family, who are the earliest cloth makers, and the Ding family, who are the earliest shoemakers, are in the north and south of Quanzhou respectively. The two family names are now synonyms for clothmaker and shoemaker. Both of them are nationally recognized trademarks. Anta, Qipilang, Fuma, Jinguan, and many other private firms in Quanzhou were established by family members. Only some enterprises are founded by relatives, countrymen, and acquaintances.

Some informants take the view that, nowadays, the most effective way of accumulating contacts is classmates. Middle and high school friends are always considered as having very deep feelings for each other. But now the atmosphere is changing. Zhang Guo said:

> I miss secondary school days. Friendship among classmates is the most cherished, because there is no utilitarian purpose. We get together often. The gathering of classmates enables us to enhance our emotions for each other. But now with so many alumni associations that were formed recently, I don't think we still can engender the same feelings anymore.

University friends tend to establish partnerships and cooperate in business or build their career based on trust and understanding which were developed during college days. It is also a way to gain fruitful achievements and a wide relationship network. Ding Ying told me:

Jiao Ying is our boss's university classmate. They became partners, due to mutual good feeling and understanding. Jiao Ying has a very close relation with his boss now, as they are old schoolmates, getting on well together—even if they are not seeing each other often, the friendship has always been the same.

Most managers believe that classmate relations sometimes are able to offer a golden chance to change their fate. Cui Lin told me:

Wang Pin is my ex-colleague. He quit his job and moved to Shenzhen to join a joint venture investment company, which was established by his university classmate. He became executive and non-executive director of dozens of listed companies. The salary he earned in his ex-company was very little. Now he is a millionaire. I think it is the classmate relationship that helps him.

In order to utilize the needs of people, universities have developed courses for business executives. Pu Duan told me:

In our current education system, it is not about acquiring knowledge. The Jinjiang government is enthusiastic about sending executives to continue their education in universities in Xiamen and Beijing. My boss also attended EMBA courses. The intention of most bosses is to form cliques and do business with their classmates. From fellow-villager, to neighbor, and now classmates, all relations are based on material interests. Even now many people are actively taking part in organizing alumni associations, the universities or schools hope you will contribute more money to them. In my understanding, it is a way of doing business. These activities give our society a foul atmosphere (*wuyanzhangqi*).

In the last decade, there are more and more EDP (Executive Development Program) and EMBA programs, business forums, workshops, or high-end seminars offered by various institutions. One of the purposes of the participants and organizers is to provide for a convenient way of building *renmai* (human relations). The majority of my informants have attended an MBA course, EDP, or EMBA program. Liu Hong told me:

Nearly every boss in Quanzhou has attended the EDP program in Xiamen University. Chen Shou, the director of the university's EMBA program, always posts message congratulating the alumni of the EMBA or EDP program who have successfully gone public in the stock market, through his WeChat. There are so many friendship groups, normally formed through WeChat or QQ account, titled as human resource, entrepreneurship, finance, or traditional culture groups.

Many Quanzhou businessmen are very open to expanding their business networks and making new contacts. Social and business networks are all the rage these days. Some informants take the view that no company is an island unto itself, and sustainable success depends on the participation and utilization of business networks. For example, Liu Dong became a friend of his current boss while doing business in the early days, and has been able to obtain an important position in his boss's company. Along with classmate relations, professional networks are becoming increasingly popular. Wang Zong is a first-generation accounting professional in Quanzhou. Most of the managers, Financial Controllers, and CFOs are his old subordinates or old colleagues. Resources flow freely among his circle.

Standing on the Shoulders of First-Generation Entrepreneurs

The majority of informants believe that the social circle (*quanzi*) is necessary for their work; it would at least provide support for each other and to share information. For example, if a manager joins a *quanzi* having close relations with taxation officials, there will be opportunities to gain special tax status. Many of my informants were building their *quanzi* and enjoying entertainment with friends. For example, some informants mentioned that in the 1980s and 1990s, entrepreneurs always borrowed money from their acquaintances or family members. It is said, when a person leaves his hometown, he has to rely much upon friends (*chumenkaopengyou*).

Apparently, managers perceive that *renmai* (human relations) is positive for them, either for their firm's business or for their personal well-being. The way in which *Guanxi* (interpersonal relationships) is built up is not important. Liu Jun said:

> I have several objectives—to invest some money in the stock market, to change my job to a firm that is embarking on IPO, and most importantly, to get close to a social circle. People in this circle have already accumulated much experience in

getting firms through IPO successfully. Wang Zong is very familiar with this industry. He established his own consulting company. The company just provides services for companies that are interested in IPO. Thus I put a lot of energy and time into building relations with him. Anything he likes, I like.

The dream of becoming stronger and richer is adopted by the nation as a whole and many managers are dancing to that tune as well. In order to become stronger, some informants believe, we might have thrown away some of our cherished traditions. Wang Qi added:

> Several years ago, we travelled to a village. The time was 11am. We stopped the car and asked an old peasant if I could use the bathroom in his house. He immediately put down his bowl (he was having his lunch then), and brought me to the toilet, opening the door, and turning on the light. When we were going to leave, he asked us to have lunch together. This is what we call polite. In my childhood we were taught to be polite to others in this way. This is our traditional culture. The old peasant doesn't know me. But he shows his hospitality and truthfulness. This virtue is inherent in our being, but now we have lost it temporarily. I hope we can revive our old culture, especially the caring among people (*renqingwei*). Once a company has incorporated elements such as conscience, hospitality, kindness, and truthfulness in its culture, it can be called a good company.

Yingchou (business entertaining) and pure material exchange make some managers tired, but in order to survive in this competitive society, most of them just tried to cope with it as they feel the necessity of building their own *quanzi* (social circle). For the younger generation, human relations become more pragmatic, focusing more on instant effect and utility. Ding Hua told me:

> The old generation cannot adapt themselves to modern times. By using *renqing* (sentimental connections) only, it does not work any more nowadays. Now, professional managers are very pragmatic, only salary and remuneration can attract them. I have many friends around me. Some of them like to go to the nightclub. I am responsible for my family. However, I will hit on what they like. I am pleased to help them do what they like. It benefits me. I'd like to. Why not?

Another manager is rich second generation, Chen Qi, said:

By standing on the shoulders of our older generation, we have rich resources of human relations and social networking. Consequently, we have a better chance of having a successful undertaking with such resources. It is much easier for me to participate in the investment industry.

In March 2016, Zhou Shiyuan, the successor of Qipilang, united several second-generation businesspeople to establish a wealth management corporation. He hopes to make good use of his platform and *renmai* (human relations), along with his independent thinking and professional capacity. What his enterprise is going to do is integrate these resources, especially *renmai*. All the founders are rich second generation. Most of them were born in the 1980s. They have a new mindset, due to their unique experience and their overseas education background. And they have wide networks of *renmai*. To release the power of one's circle of friends is the management philosophy of Zhou Shiyuan.

At the opening ceremony of the corporation, people witnessed the power of the circle of friends of Zhou Shiyuan. Three hundred friends attended the ceremony, including successors of family businesses from all over the country, entrepreneurs, and investors. To exchange ideas with loyal, professional, and powerful people is the major channel for Zhou's enterprise to obtain valuable investment information.

Thus, an extensive human resources network is vital for rich second generation to establish a new business. Lei Jun, the founder and Chairman of Xiaomi, also used his business networking to establish the company Xiaomi; within a short period of time it became one of the biggest Internet enterprises globally.

4.7.2 *Tiangaohuangdiyuan* (Heaven is High and the Emperor Is Far Away)

It is widely perceived that the problem of official corruption has become the most serious social problem in this country. The new leadership has implemented the Eight

Rules of the Central Committee Political Bureau. Unfortunately, in some places, especially those far away from the main cities, I found that people were not affected by Xijinping's campaign against corruption. Everything went on as usual as though the decree was never promulgated. Exchanges of favors among friends and acquaintances are not showing any sign of decline. Nothing has changed, in fact.

A Luxury Seafood Meal

During my second visit to Jinjiang with my supervisor, the second afternoon after our arrival, we were chatting with Liu Jun and his friends in a teahouse. I received a phone call from my middle school classmate. He told me he was accompanying some guests to our hometown, who were very important as they were from Beijing. They were specialists (*zhuanjia*) who had been invited to evaluate one of his construction projects. Their report would be vital to the progress of his project.

I guess the reason he really wanted us to join them for dinner was that this would demonstrate the size of his *quanzi* (social circle), since we were his friends from the academic circle. He promised me he would order the most delicious and expensive seafood for my supervisor, the important guest. He also arranged the transportation for us between the restaurant and the hotel. My hometown is near the seaside, famous for stone carving and seafood. At about 6 pm, we were brought to a five star hotel, the best one in town. The guests from Beijing were being accommodated in this hotel, and my classmate told me that he had also booked rooms for us. In the end he cancelled the reservation when I told him we would have to return to Jinjiang that night. All the guests were then brought to the restaurant, the most famous seafood establishment in town.

The two most important guests from Beijing were seated on either side of my classmate. My supervisor was seated beside one of the guests from Beijing, to the right of my classmate. Normally, the right-hand side is regarded as the proper place for the most important guest.

The seats near the door are arranged for local officials. It was the director of the town, the head of the legislative council, the head of the local NPC, head of the party, and head of propaganda. All the heads of the government and party organs were there. They are treated as intimate members (*zijiren*), rather than guests. For example, the director of the town introduced each dish for us. In order to show his hospitality, he was very busy serving food and pouring wine and beer for the guests during dinner. The food was indeed delicious and, according to his introduction, organic and fresh. One dish was called tachypleus tridentatus. In order to please the guests, the director of the town asked the owner of the restaurant to bring the shell and put it on the table for the guests to see. He thought that friends from Beijing would have never seen such things.

At the beginning of the CPC's new regulation, many people thought that was a positive move, including some of my informants who believed that from then on fewer officials would dare to ask for bribes. Liu Hong told me that this time the degree of sanctions is different. Hence there will be fewer officials asking for bribes. For private firms it is good news.

Pei (2006) argued that China now needs deeper political reform. Anti-corruption became a hot topic after the new leadership came into power. Managers take the view that anti-corruption indicates the willingness of the new leadership to initiate a deeper political reform, although some of them still have doubts about the intentions of the

new leadership. So whereas in the past they did invite officials to a banquet, now they cannot do so anymore. Liu You said:

> Now I dare not give a gift to government officials, who are very close to me. With the current situation, I understand their difficulty. I do not even dare to invite them for a meal. We'd better be hiding ourselves for a while.

The policy did have an impact on some big cities. For example, in the neighboring city Xiamen, I saw many high-end restaurants that had collapsed. One of the main reasons is that the new leadership forbids officials drinking alcohol and attending banquets in high-end restaurants, and relevant regulations are made tougher by reducing their flexibility. The government is strictly checking the practice of junketing. As a result, in recent years there are fewer banquets being organized between businessmen or officials.

However, just as described above, when we went to my classmate's dinner, officials in the town were still being entertained in the famous restaurant by their business friends. We could not notice any change. In bigger cities, many managers commented that the local cadres are carrying out the regulation very strictly. Sensitivity towards misconduct becomes an obstacle for the traditional practice of gift exchange. For some managers, there is less chance to have banquets and nightclubs with their social circles. Some informants told me they now have better health and habits of life. Zheng Xin told me:

> The traditional way to build rapport with officials in the taxation bureau is inviting them for banquets during the mid-autumn festival, spring festival, and other occasions. Recently, our company was going to pay a large amount of taxes and needed to report to the tax authority. The boss asked me to entertain officials as before. I told him now it is not applicable. They would not accept our invitation. Interestingly, some friends working in the taxation bureau told me that they have better habits of life now.

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If the purpose is to develop close relations with officials, problems could arise. Wang Qi said:

> Exchange of gifts in China is a normal behavior. But now the atmosphere is very tense. We would not dare give even a box of tea to our old friends. We even dare not to invite official friends for a meal. It is exceeding the proper limits in righting the wrong (*jiaowangguozheng*). We cannot get together when we want to. We start to feel the indifference among people, without basic caring and support. The purpose in giving my tea as a gift is for people to have a good feeling and a more comfortable life. There is an old saying: it is always a pleasure to greet a friend from afar (*youpengziyuanfanglai buyiyuehu*). As Chinese, we need to put ourselves in an atmosphere that is full of human touch.

Wang Qi was complaining that the regulation is implemented too strictly. The normal custom of giving gifts is greatly impacted. He thinks it is natural to build relations with government officials by giving a package of tea. "Is it not delightful to have friends coming from afar?" When we have friends coming, we try to share our most valuable things with them. We cannot ignore *renqing* (sentimental connections) to treat our friends, goes their logic.

Wrongdoing is not unusual in today's China, as many officials surely would not forget this principle "heaven is high and the emperor is far away—there is no help for it" (*Tiangaohuangdiyuan*). It was at a very provincial area that my classmate invited us to dinner. In spite of the CCP's edicts which is spreading like wild fire throught the main cities in China, the county-level officials still feel safe to be entertained in this manner as the central government is too far away for them to feel any threat at all.

Predictably, though, people have found many ways, some of which are quite creative, to deal with the central government's new policy. For example, some officials don't drive to the restaurant, they take a taxi. They do this because if they drive their car and park it in full view of the public, someone might take a picture and put it on the Internet.

They have figured out how to get round the problem, how to keep their activity under the table.

Therefore, in China, while as many officials behave strictly in accordance with the new regulation, many others still enjoy banquets, karaoke, and alcohol as usual, especially those at the local government level. Perhaps some readers might accuse that the researcher is too liberal with his own interpretations. But what I am trying to do is to understand Quanzhou managers' thought structure rather than imposing my preconditions on them. As the fieldwork is conducted in an emic fashion, my concern is only that the questions are meaningful to this particular culture and its managers being studied. What I can observe is the exchange of the favors. The core framework is still there. Managers know how to get round the problem. It is still about the survival, the DNA of the Chinese people, who have 3000 years of history, as many like to claim. I think that managers' quotes will be very important in understanding their thought structure, and that my observations will be informative as well. What I see is what managers are actually doing.

The denial of basic human desires was an underlying premise of the Maoist era that helped to shape the more conservative character of the population (Hong, 2004; Osburg, 2013; Shapiro, 2002). During the reform era, the situation has shifted to the other extreme, an over-emphasis on human desires. This tendency is manifested in the normal transaction of power with money (*quanqianjiaoyi*) and sex (*quansejiaoyi*). The transactional component becomes an important aspect of human relations. However, most of these activities are conducted secretly. Superficial gentility or integrity has to be maintained. Some informants compared the nepotism in private firms and SOEs in their conversations with me. Yang Yi said:

There is still too much cronyism in China. Nepotism and cronyism are more serious in SOEs. The lines between business executive and politician are blurred. The dominant model of selecting and appointing officials encourages coziness between the two. The high-caliber people who know how to get what they want and have a sharp appetite for power. Top leaders in SOEs are always considered to have relations with politicians, especially if they are promoted very quickly. Although I was a middle manager, some people ignored my hard work and thought my success was due to nepotism. It's hard to avoid such suspicion, although I firmly believe that rewarding people according to merit is superior to corruption or nepotism.

The ambiguous relationship can also be found between private business and the government. The most important reason is that such relations contribute to businessmen's prosperity. Although the nature of relationships is a little different from those found in the SOEs, both of them are looking for reliable patrons who are able to provide safety for their personal interest.

Another phenomenon is that crony and family relations are prevailing in private firms. However, nepotism and power struggles are important reasons why many family businesses do not make it to the next generation.

A few managers complained that human relations are contaminated by the doctrine of consumerism. The majority of people tend to behave in an unethical way because of their over-emphasis on monetary values. Lu Ying said:

The teacher is not like a teacher. The student is not like a student. The professor is not like a professor. The government official is not like a government official. The peasant is not like a peasant. The businessman is not like a businessman. The doctor is not like a doctor.

Politics seem labyrinthine and cutthroat. If SOEs executives are timid time-servers, place-seekers, they will say whatever their boss says. Either in SOEs or private firms, or even in the larger society as a whole, new snobberies seem to be born with every human breath. Some managers take the view that nepotism and corruption among government officials and businessmen can ruin the country, even in the absence of foreign aggression.

Officially, a number of laws and regulations are strictly enforced to prohibit corrupt practices. The government is thinking of comprehensively implementing the rule of

law as a fundamental principle for the building of a socialist country. Undoubtedly, one of the hot social issues is how to put forward a legal system and realize the rule of law, although the national law is subject to abuse and is not as effective as traditional principles in some aspects. Some suggest that during the transition from planned economy towards market economy, severe punishments would be much more effective. Some informants suggest that China should learn from America, a societies with high social trust. Americans build large, efficient organizations that are not bound by the circles of kinship and clan (Earle & Cvetkovich, 1995).

4.7.3 *Cangbingshierzhilijie* (When There Are Adequate Stores, They Will Know What Is Proper)

If one were to search for well-known companies in Quanzhou on *baidubaike* (a Chinese encyclopedia website) there is always a section titled "Philanthropic Undertaking" (*Cishanshiye*), indicating how much the founder or the enterprise had donated to the communities whenever there are specific disasters or children in remote and rural areas who need help. Charity is considered as the social responsibility of an enterprise. Joining a charity is seen as a contribution that managers can make to society.

Shimao

The Shimao Group, a Jinjiang-based real estate company, signed an agreement with the Palace Museum in July 2016, stating that the company would officially donate 80 million yuan to the Museum towards a project for the protection of the Hall of Mental Cultivation. The hope is that in the future the Chinese people will gain more confidence about their traditional culture by understanding it better, and realize its prosperity and development (Zhongguoquanshang, 2016). Lin Jin told me:

According to statistics, as of the end of 2015, our boss led the Shimao Group to donate a total of more than 1 billion yuan, covering a population of more than 20 million public projects. Our company's donation covers a wide range of areas—AIDS prevention, education, disaster relief, poverty alleviation, and the protection of cultural relics.

It is reported that Xu has been a very low-key philanthropist. He is a man of few words, preferring not to accept media interviews, but the charity in his heart has always been there.

Hengan

CCTV reporters did an exclusive interview with Xu Lianjie, the president of Jinjiang Charity Federation, on topics centering on "creating a benevolent city." Xu Lianjie emphasized that some donations are money that was made available from weddings and funerals when they did so without extravagance and waste. These funds are used to help poor families to solve their difficulties (Minnanwang, 2015). Xu Lianjie, at his younger son's wedding ceremony, donated 66.6666 million to the Jinjiang Charity Federation. Shi Li said:

Any enterprise is self-interested in the first place. Service to self is the precondition of service to others. To do business, trying to keep its footing and being able to survive is the foremost thing. Then you start to think you should do no harm to the society. Finally, you think of rewarding society if you have gained what you wanted. Only taking this way will carry you farther.

According to the company's report, as of the end of 2015, Xu led Hengan group to donate a total of more than 500 million yuan. In 2014, Hengan volunteers came to Yunnan province to help the left-behind children. Volunteers brought shoes, clothes, and books for these children in poverty in Yunnan province.

Anta

Anta also takes an active part in disaster relief donation. In total, it has donated nearly 30 million yuan since 2008, for the Wenchuan earthquake in 2008, Yushu earthquake in 2010, Yaan earthquake in 2013, and Ludian earthquake in 2014.

CSR Report

The voluntary disclosure of social responsibility has become an international trend. Western companies have begun to report their own performance on social responsibility. CSR reporting has become so popular that even much-maligned companies feel that they too need to communicate the benefits of their operations to society. In recent years, the number of firms listed on the Shanghai and Shenzhen Stock Exchange, the SASAC (State-owned Assets Supervision and Administration Commission of the State Council), and other institutions reporting on their corporate social responsibility has increased rapidly. Managers are required to balance the finance goals and societal obligations effectively, and corporation should improve the quality of their reporting, disclosing key information such as financial performance fully and objectively.

When I asked the question "what brings about happiness," the answer was not only family, caring about society as a whole was also given as a source of happiness. Regarding serving society, managers mentioned specifically the locations and occasions where they need to donate. Cui Lin said:

> We need to help starving children, and whenever there are disasters like earthquakes. We are helping a school in a rural area. We also donated to Gansu, Sichuan, and Qinghai. The aim is not limited to Fujian.

Some entrepreneurs think they need to take social responsibility as they are more capable of doing it, and the most common action is to serve their village. Zhang Guo told me:

It is common in China for successful entrepreneurs to donate money to their village, such as building schools, and restoring ancestral halls over there. They pledged that they would pay for the spending on roads, bridges, and other infrastructure in their hometown. For example, a large portion of Xu Lianjie's donation is for his village.

Shi Li's company has targeted building a number of schools in the boss's hometown. The reason why entrepreneurs in Quanzhou contribute to the local community is the special feeling they attached to their hometown and its people. According to some managers, Quanzhou businessmen are regarded as among the most generous merchants towards the local community, as some would have it. Cui Lin said:

Those businessmen who are successful really ought to give it away. I think the outcome should be philanthropy. It is a reflection of the spirit of loving the country and the hometown, being happy to help, and daring to struggle and win.

Although the above entrepreneurs and managers talked about social responsibility, few informants believe that the diversity of businesses championing social responsibility shows a real caring for community. Some of them think that philanthropy is for flattering government officials. Liu Dong told me:

I think most of entrepreneurs' involvement in philanthropy is to make the leaders happy. For example, I knew one entrepreneur who was very happy, as his work has been confirmed and appraised by top leaders of the country. There was a lot of hype surrounding this event. I don't think the charity is from this entrepreneur's heart.

Similarly, many managers stressed that social responsibility is more about reciprocity.

Zhang Guo said:

As businessmen, they have to give to the community as they receive so much from the society. Further, more and more entrepreneurs frequently participate in non-market activities. It is a common way to accumulate social capital for firms. Once a company has donated something, next time government officials would have something nice to say. *Guanxi* (interpersonal relationships) emerges when they take care of the community. One possibility is that the community around enterprises would be more friendly to them. I think most of the donation has to do with *guanxi* and building social capital, rather than the theoretically discussed

Corporate Social Responsibility. Even Chen Guanbiao's donation is considering reciprocity, nothing to do with ethics.

Chen Guangbiao is an entrepreneur in recycling business and a controversial philanthropist in China. Chen owes his fame not to what he has, but to what he's given away. According to Chen himself, his motivation is simple—the experience of starving in early childhood and his brother and sister dying from starvation. However, the bizarre blend of eccentricity and self-promotion has led many to question his real motives. It is pointed out that China's growing army of the super-rich is notoriously stingy when it comes to charitable giving. They are considered to have taken their wealth too seriously, acting as phony philanthropists. The beneficiaries of Western capitalism may be accused of caring little about the predicament of the poor. In comparison, China's new rich launder their money abroad (Lo, 2009).

A few managers take the view that business ethics and corporate social responsibility are making what is good even better (*jinshangtianhua*). CSR is considered only when the enterprise has extra resources or such activities are required by the administrative authority. My informants suggested that philanthropy is conditional. Wang Zong said:

> You have to feed yourself enough food. Then you can consider social responsibility. There is a saying: "*Cangbingshierzhilijie* (when there are adequate stores, they will know what is proper)." First, my business has to go well. Second, the quality of my personal life is ensured. Morals and ethics are mere metaphysics to businessmen. CSR is the last issue to be considered.

Another informant Guo Yi took the same view. He said:

> The most important thing is that I can survive myself. It is said, "In times of hardship, one should treasure himself at first; in times of success, he is expected to benefit others (*Qiongzedushanqishen dazejianjitianxia*)." Enterprises will consider their social responsibilities only when they are financially sound.

What is clear from my informants is that they could only think about the well-being of others when their own well-being has been taken care of. In the same vein, the thought of giving something back to the society can only be entertained after they have already gotten enough from the society. In other words, self-interest has priority over the interest of others or collective interest. None of my respondents has ever brought up the idea that their own individual interest is intertwined with the interest of the other peoples, and these two are not mutually exclusive, and the development of both of them do not necessarily take place in linear sequence.

It did not come as a surprise when some managers indicated that fulfilling their social responsibilities is for the sake of reputation and social image, with less concern for ethics and learning. In 2011, KPMG completed an International Survey of Corporate Responsibility Reporting, which indicated that, compared with foreign companies, Chinese enterprises are weak in their motivation with regard to ethics, innovation, and learning, but have a strong motivation for responding to government policies and pressure from media. Other motivators, such as improvement of brand name, reputation, and relations with suppliers, both Chinese enterprises and foreign ones are showing comparable behaviors. Studies by Ven and Graafland (2006) also show that there is no significant relationship between management strategy and moral view on CSR, on the one hand, and the actual CSR performance on the other. Guo Yi explained:

> I have contributed 800,000 yuan to the local university's art gallery. We provide people with opportunities for enjoying first-class artworks. Although this is not the main business of our company, I have to do it as, in the long run, it would help in establishing our brand name.

Certainly, donation in such cases is for the company's reputation and long-term value. It is believed that in the long run, based on primary stakeholder theory and social capital theory, CSR activities do increase corporate value (Edmans, 2012).

4.7.4 Managers' Thought Structures

With the long history of agriculture in China, family is central to traditional social and cultural networks. In peasant life, social obligations were determined by the closeness of relationships (Fei, 1992). In an acquaintanceship based society like China, personal relationships is based on kin and land, and trust is structured on custom. Traditionally, people settled in villages and the land was divided into sections with the landholding rights belonging to different village groups. Customary trust characterizes acquaintances who live together in the village over a long period. As people constantly develop its principles, the value and function of customary trust vary over time, place, and people. Therefore, there is high reliance on informal networks and human relationships, and a limited trust in formal institutions.

The long history of agrarian civilization, with its self-sufficient agro-farming economy, and the traditional culture have laid a solid foundation for the existence and development of certain principles for acquaintanceship at the social level. When the level of "cha-xu pattern" (differential pattern) is entered, the perspective is expanded from individuals to social relations. The structure of societal trust among urban residents is developed through the application of these same principles. Thus, it is not the law, but instead the social norms that help to form and maintain social order (Fei, 1992).

In the last three decades, the transition from agricultural society to industrial society has meant a change from acquaintanceship society to stranger society. The village moral order is on the edge of collapse, as the village is no longer an acquaintance community. The most crucial issue affecting the differential relations pattern is that the small-scale peasant economy has been replaced by the market economy. In the

transformed contemporary Chinese society, the contents and orientation of the previous mode of interaction have been changed. Although traditional wisdom could correct some problems in modern life, people cannot go back to the traditional place to approach modern problems with the methods of an acquaintance society.

There is a high degree of acquaintance within the traditional society. In the traditional Chinese society, the acquaintance's face is the most effective way to build relations. In a small-peasant society, private credit is based on the relationship between acquaintances without the consciousness of contract for credit in which both sides are equally important. In contrast, modern society is more in need of social trust, but the most difficult part is how to assess social trust.

Hence in modern society people regard a network of friends and acquaintances as one of their best assets. They know each other very well. They thank people who have helped them and they will return the favor as soon as they are able to. In the reform era, it is believed that the most payable thing is money. All rags-to-riches stories appeared to center on *renmai* (human relations). Although many entrepreneurs' success is in great part due to their own hard work, not a few of them like to attribute it to joining the right business network.

Influenced by the market economy, opportunists adopt an opportuanistic approach rather than depending on long-term planning. The traditional harmonious, peaceful, pure, and truthful relations have been changed to more utilitarian, pragmatic, and economic ones. On the one hand, most of the human relations within a firm reflect the Newtonian way of thinking: people in society are like atoms, isolated from each other. On the other hand, managers build various *renmai* in order to maintain their competitiveness. *Renmai* represents access to information, resources, power,

economic strength, and personal reputation. The saying that "It is easy to be an official if you have friends at court." tell us a lot about the power of *renmai* (human relations). In every aspect of managers' life, either looking for business opportunities or building a team, *renmai* always plays an important role.

In Quanzhou, the managers place value on the fact that one has to be warm and loyal to friends, and to be a righteous friend. Sometimes people even value personal loyalty at the expense of principles. They deeply believe that close friends can make more money together. The survival mentality and the tradition of exchanging favors is deeply embedded in managers' thought structure. This shows that the DNA of human relations based on acquaintance society has not changed. *Renmai*, with economy as its core component, helps bring about more social capital. Managers acknowledge that *renmai* is a positive thing for them. They don't feel that they have to compromise too much in order to build up *guanxi* (interpersonal relationships).

This structure is coherent in some way. Maybe it is not necessarily utility-driven in all the cases. But for anything that one wants to do in this society one needs *renmai*. If one has more acquaintances it helps to get things done. Looking deeper, *renmai* has close relations with other themes like survival, suspicion, and insecurity. One tends to trust people who have a strong social network. The more one feels insecure, the more he (she) will find a way to develop contacts. If a person has a very strong *renmai*, others would not have suspicion of him. As he is more reliable, others trust him and feel safer. One has a strong tendency to consolidate one's relations with him. Once the relations are consolidated, one will not have to worry that there will be no one who can help in the future when the need arises. Patronage is a vital characteristic of *renmai*. Especially in Quanzhou, one needs a wealthy backer if he (she) is going to do business.

There is an old saying: "More friends, more roads." In Chinese, the term "back door" refers to people using connections to get goods from the back door of a state-owned shop in the planned economy era. It is a way of doing business outside the normal and approved channels. Nowadays, many Chinese people are in general suspicious of anyone who gets rich. They tend to think that the only way to get rich is to know somebody who can provide a good deal. The majority of informants' interactions fall into this category—utility power works.

Just like people's suspicion of rich entrepreneurs, philanthropy is always considered to have a hidden agenda too. It is strongly believed that if money is idolized, human relations are reduced to commercial affairs, natural resources are exploited, and the inequalities between rich and poor increase. The present leadership of the country knows how very corrupt China is and is likely to address various moral evils aggressively at the expense of the new moneyed class.

4.8 Summary of Findings

The main concern of this study is what managers' intellectual framework looks like in this specific period and place. Through the findings section we open the black box and see the current situation of managers' intellectual framework. Six such themes are brought out here, as they are considered to be the dominant ones. As well as the six main themes, there are other subthemes; some of these may already be incorporated in the six main themes, while others are not considered to be major and they are not highlighted. These six themes contribute to the formation of intellectual frameworks that are dominant in Quanzhou managers' intellectual life. Among all these themes, survival seems to be at the very core of managers' intellectuality.

4.8.1 The Three Levels of a Thought Structure

Each theme might relate to different levels of the intellectual framework, from the pattern of behavior, to the reasoning being used, to the deepest sources. Some of the themes may relate to the conscious mind, while others are more about subconscious aspects. By connecting the driving forces and the pattern of behavior, managers are able to see the structure—the story or the narrative—calling up an entire manifold tale of their intellectuality, which is much more comprehensive than just logical induction.

For qualitative inquiry the most important thing is the recurring pattern, both verbal and non-verbal. Money and insecurity recur in verbal form, but they are also structured into reasoning and its foundations. Taking insecurity as an example, we can see this element in the different levels of managers' intellectual framework. The narrative is that as a person one needs social status. Too many people are thinking of security instead of opportunity, and struggle to defend jobs and living standards. Peoples want a powerful position where they can be in control, whether at home, at the office, or among their social circle. These forces result in the state of insecurity, as depicted in Table 4.2 below.

Table 4.2: The Narrative – Example of Insecurity

Levels		Example of insecurity
Level 1	Event	Today I work overtime.
	A pattern	I work overtime for the entire week.
Level 2	Reasoning (justification, structure)	It's okay for me to work overtime. The reason is that I want to ensure my position in a safe situation. Why? Once I have reached a certain status, I need to maintain it. I believe I can do it, but making one's way up the social ladder is very tough. I'll try my best to keep myself in a job safely, because the reality is so cruel.
Level 3	Driving forces	Any society has its class distinctions. Going up the hierarchical ladder is a glorious thing to do.

Money is another recurring topic during the interviews. Managers tend to emphasize the importance of money, which is manifested in the behavior of working overtime, changing jobs frequently, and being enthusiastic about IPO. The narrative has to do with the purpose of life. It is taken for granted that during one's lifetime, the foremost things are those that can reveal value, such as money and fame. There seems to be a driving force here—*homo economics*—which gives shape to this behavior (see Table 4.3).

Table 4.3: The Narrative – Example of Money

Levels		Example of money
Level 1	Event	1. Agitating for better pay.
		2. In order to get better pay, employee is threatening to quit.
	A pattern	1. Working overtime for the entire week.
		2. Constantly changing one's job for better pay and to show the value of one's life.
		3. The fever for IPO.
Level 2	Reasoning (justification, structure)	1. Without money, everything is just empty words.
		2. People can do nothing without money.
		3. Everything relies on money.
		4. The money earned through one's effort is good.
		5. The salary earned proves the ability of a person.
		6. With this money, the value of existence can be realized.
Level 3	Driving forces	1. The more I possess, the better life I will have.
		2. Human nature: *homo economics.*

Although these thoughts are manifested in the different levels of a framework, the driving forces hold them together. The reasoning is in the middle, connecting the driving forces with the behavior. For the convenience of communication and analysis we use these terms separately to describe the thought structure. Actually they form a single process.

4.8.2 The Intellectual Foundation

From the findings, it can be seen that all the themes tend to have a common foundation, although they are not completely congruent with each other at the reasoning and behavior levels. A strong inclination towards materialism can be found in these six themes. By looking at the surface, we can see themes such as survival, suspicion, and insecurity are connected closely to the material interest. Themes such as family, transformation, and *renmai* (human relations) are subject to both negative and positive interpretation. If we look deeper into their fundamental sources, all six themes are about this mortal world, and have nothing to do with other-worldly things.

In order to live a better life, from an individual or family perspective, managers care more about increasing the number in their bank account and the market value of their stocks. After accumulating enough money, it can be used to buy more properties, to send their children abroad to receive supposedly better quality education, and to obtain citizenship in developed countries.

One of the original intentions of IPO is to regulate the enterprise, let the public monitor it, and establish a better mechanism in order to have a more transparent business and management atmosphere. For most of the IPOs in Quanzhou, however, the intention is to generate additional cash for the owners. Most firms see the process of IPO only as a means of collecting more money. Moreover, they want to get the money first, not wanting to miss the cake or the big meal.

It is also apparent that human relations is very much contaminated by the managers' obsession with material pursuits. Many managers' work performance is assessed largely by their performance related to *guanxi* (interpersonal relationships), which include their ability to drink alcohol, and how many orders are obtained from the clients in their social networks. Key performance indicators are centered on

quantitative aspects such as profit and revenue figures. To be sure, the majority of managers are concerned about their bonus, the remuneration package, and future promotion. Sometimes, they are even willing to sacrifice health, happiness, and personal dignity just to attain those goals. The suspicious and conflictual nature of relations between managers and the owners increasingly results in self-interested rent-seeking behavior. In order to improve their ability to survive, some managers devote no small amount of efforts on building their personal social circles and using the resources of the company to do so as well. Others spend time building relations with the boss, flattering the boss, and entertaining the boss. If they cannot achieve their own objectives, most managers will choose to leave the company.

Even if some of them flee into idealistic models of the world, this is also due to the sense of insecurity which is shaped by the materialistic forces. Whether they are from the second-generation or old generation, female or male, professional managers or owners, senior or middle managers, rich second generation or professional outsiders, their pattern of behavior is driven by a culture based on competition. Accumulating more wealth seems to be the panacea for a set of management problems, and a shield to protect themselves from any anxiety. Paradoxically, more anxiety is accumulated during the money race because now they must consider the safety of their personal wealth, as the government seems intent on adopting new policy for deeper political reform, which is a threat towards their interests (Pei, 2006).

I would venture to suggest that, from the observation in the fieldwork, many managers have already reached their middle age and there is a tendency for some of them to leave their destiny to the heavenly forces. Although their life experience has increased somewhat their desire for more meaningful life and for self-actualization, the pressure and responsibilities they take for their family, work, and social circle are

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also increasing. They do not seem to be able break the old mode of thinking that is ingrained in their intellectual framework. Therefore, their reading into the reality of management is still constructed principally on the material dimension. Their search for meaning in life is changing and that includes some unrealistic ideas, even as material achievement in business (i.e., profit) is what they persist in protecting, never departing from their original mental model (Senge, 2006).

Looking more closely into the intellectual foundation, it would seem that managers select some concepts unconsciously and embed them in their intellectual framework: animal instincts and appetites, self-interest, Maslow's physical needs, and survival of the fittest. Further, materialism, individualism, and capitalism are terms that are currently popular in public discourses, which become sources of knowledge for managers.

The intellectual foundation of the managers is guiding their managerial behaviors and individual life in such diverse aspects as the use of extrinsic incentives, strict internal control system, preferring insiders, financial strategies be means of IPOs, buying more properties, accumulating more wealth, or choosing high-salary companies. These management practices and styles emanate from the managers' deepest conceptions regarding human nature, human relations, human activities, education, and organization itself. What is clear for me is that this foundation is creating a culture of manipulation, competition, and domination, with pattern of behavior characterized as plundering, speculating, or taking short cuts. They are less likely to develop capacities for cooperation, collaboration, consultation, or mobilizing human resources.

In summary, managers are less likely to care for the collective interest and, having less motivation for taking social responsibility, caring for the weak, or treating

employees with sincerity. However, it is this fragile thread that binds the six themes together and shapes the reality of the present order of managing. If the foundation of a new culture is to be established, could themes such as the oneness of humankind, nobility, and real justice be incorporated into the framework? The answer to such a question is not an easy and straightforward one. A careful diagnosis of the framework's foundation seems to be in order; by looking deeply into the components of knowledge that constituted the foundation of their intellectual framework, we can perhaps determine their strengths and weaknesses, and the possibility of change in the future.

4.8.3 The Fuzzy Logic System

In the fieldwork, most managers seemed to be unconscious about their own intellectual frameworks. The fuzzy logic theory is helpful in understanding the mode of operation of managers' cognitive maps. Fuzzy controlled air-conditioning can regulate the temperature in a room automatically according to ambient fan speed. Through the fuzzy controlling algorithms, the desired temperature can be reached automatically.

Similarly, the six themes are operating under a system analogous to fuzzy logic. For example, although insecurity seems to have been produced from everywhere as a sort of physical reaction, there must be a cause for this insecurity. The insecurity is a symptom, but the deepest sources of insecurity remain unknown to managers.

Driving forces recognize different scenarios and then respond in real time, ready to cope with different situations. The deepest sources prepare managers' reasoning for any situation they might face. They would agree that the equality of men and women is fundamental in the company. However, they are chauvinistic by nature at home. They are faithful towards their family members, but they may cheat their customers. In dealings with family members, there is a call for justification from the deepest

sources, while in another situation such as linking with clients there is a call for another reasoning. The same logic applies to other occasions such as relations with superiors, subordinates, government officials, suppliers, and shareholders.

The intellectual framework enables managers to respond holistically—which is not the same as ideally. The driving forces, along the six themes, identify and handle the different situations that arise. Thus, the themes together form a fuzzy system, which operates automatically. This does not mean that in any situation all six themes will be equally important. There will be different priority, different weights for them in different scenarios.

The widely accepted practices and conventions and the cherished attitudes and habits are the forces operating in the present social order. The majority of informants are not able to clarify this process, as this fuzzy logic system is operating at the subconscious level. Even some scholars are unconscious of their own intellectual framework and its mode of operation. For example, one professor I met at a conference told me that earning money is the basic rule for businessmen. He thought this was common sense, something many people take for granted. According to his interpretation, doing business illegally is a common means of survival in China today. This reasoning is driven by his intellectual foundation. He has never had a chance to reflect on it or the ability to clarify it. There is a possibility that, by knowing about the mode of operation of this frame, most of their problem can be connected to its deepest sources. Then, they will be able to understand and appreciate the forces operating in the problematic way of their own management which they have gotten used to.

4.8.4 The Interaction of Themes

Another question to examine is whether, in fact, these six themes are all connected with each other. Is there a network in the first place? Survival, suspicion, and insecurity seem like an iron triangle, supporting each other. Family, survival, and insecurity seem integrated into another cluster of its own. Traditionally, security is ensured by the harmony of the family, which provides a shelter for survival. It is easy to be in a state of insecurity if the family is in conflict. Similarly, stress from work, human relations, career development, social problems, pollution, and food scandals, which all relate to surviving, will cause a sense of insecurity. Finally, transformation has to do with insecurity and survival. Family and *renmai* (human relations) are connected with each other. *Renmai*, suspicion, and insecurity are perceived as another triangle. In general, though, the themes present themselves as a network, like the fuzzy logic system, operating automatically, with each theme connected to other themes (see Table 4.4).

Table 4.4 The Interaction of Themes

	Family	**Suspicion**	**Transformation**	**Insecurity**	***Renmai* (human relations)**
Survival	Improving survival capability is for family's material prosperity	Competing for survival brings about more suspicion	For survival	For survival	Developing contacts is regarded as a self-protection strategy and a means of survival
Family		Family bonds are loosening		The burden of family expenditure, family conflict	A sense of shared responsibility applies only among family members or a small group of people
Suspicion				Suspicion causes a sense of insecurity	The disloyalty of team members
Transformation				Worrying about the future direction	Developing contacts and obtaining business information
Insecurity					How to develop contacts with powerful persons

4.9 Different Levels of Managers' Thought Structure

In management and organizational study, some scholars talk about both fragmentation and coherence of cognitive maps (e.g., Argyris, 1982; Bohm, 1994; Douglas, 1986; Martin, 2002; Senge, 2006). In the fieldwork, incoherence and fragmentation cannot be more obvious. However, the thought structure is sufficiently coherent as to be self-sealing. To explain some of this apparent fragmentation, perhaps we should look at the different subcultures and subgroups in my sample. In the organizational setting there might be many sorts of framework. I tried to see how frameworks actually emerged in the fieldwork. Perhaps it is useful to ascertain whether there are factors which are related to differences in managers' frameworks.

The literature provides some starting points for ordering such differences. Maybe in some organizations there is a strong culture, as it is argued that excellent companies tend to have a strong culture (Ouchi, 1981) expressing their unique thought style (Douglas, 1986). Everyone in the company shares the boss's vision and values. Some studies focus on just one section, function, or industry, while others wrote about entrepreneurs, owners, or managers in a certain field. It is more likely that this tighter sample will have a single framework, such as the concept of linking in managing (Mintzberg, 2009), or the concept of paternalism and family in interpreting overseas businessmen (Redding, 1993).

Although there is some logic here, my fieldwork suggests that these sorts of distinctions (and, of course, commonalities) might not be the most useful in relation to Quanzhou managers. In my setting there is considerable diversity. The informants have different backgrounds and various ages. It is not only one map, as different people appear to think differently and yet there is commonality that is very apparent. But,

neither are the maps that emerge completely distinct from each other. There is an interplay of coherence and fragmentation that asks for a non-simplistic reading.

As a starting point, we can say that in general, the reality of intellectual framework is sometimes coherent, and other times, incoherent. In today's China, it is less likely for managers to have a coherent framework, even if an individual manager is looking for and hoping to have it. Maybe the thought structures in most subgroups are very similar. Maybe similarity resides at a deeper level, although there are minor differences on the surface. Maybe there are conflicts on the surface, but the driving forces in fact are congruent, which is similar to Boyang's (1985) analogy. He pointed out that China is like a big jar of immorality. It is better to stay away from the big jar and clean up oneself.

This can be subtle. For example, during an interview I encountered the example of a son and his parent. They think differently. There was also the example of an owner and his professional managers. They have different interests, although superficial harmony is maintained. Although the study specifically focuses on a certain set of manufacturers, it fractures out according to diversity of features such as embracing the Internet, being family centered, or going public. Also, there are generational, cultural, educational, and gender differences. These subgroups see things so differently.

Maybe it is useful to look into these differences in thought structure. Through comparison with others, one knows better about himself, as the 'otherness' in qualitative inquiry is to know how one is (not) the same as other groups. For example, survival and family seem to be common themes for different subgroups. Also, judging by surface events and patterns of behavior that can be observed from outside, it seems unlikely that there is a fundamental difference between these managers and other

groups that have not been investigated in this study. Surely the same mentality of survival can be recognized in the foreign companies which might have been involved in commercial bribery, and overseas Chinese businessmen also have a strong inclination towards the concept of family (Redding, 1993). The same insecurity can be found in some executives in foreign companies, and some were reported to have committed suicide. So, while pure extrapolation of the findings is not possible, it is reasonable to use the qualitative results here to read into a widening circle of groups.

In the table below (see Figure 4.1), small circles are used to identify the subgroups in this study's sample. Although there is similarity or overlap, they tend to have specific characteristics compared with each other. Subgroups are different in their patterns of behavior, but their driving forces tend to be the same, belonging to the same large circle. Thus, the small circles are all embedded in the larger one—the Quanzhou managers' framework. For example, opinion leaders seem to have more insights and foresight, but their driving forces remain the same as other subgroups.

Different subgroups may focus obsessively on specific themes. For example, owners stressed the importance of survival, resulting in a sense of insecurity, and thinking of transformation. Professional managers' thought structure seems to be more inclined towards survival, family, and suspicion. On the one hand, they might be unsatisfied with the owners and it is difficult for them to develop friendship with owners. On the other hand, they dare not express any such feeling in their bosses' presence. The concern for female managers, however, is more about the balance between their work and family.

In light of these differences, it is useful to look into these subgroups, as some aspects of their intellectual frameworks unfold in a very subtle way, compared with their

counterparts. Subgroup distinctions may include professional managers and owners, rich second generation and old generation, female and male managers, opinion leaders, and the Cultural Revolution. Although some informants are in more than one group, the source of his thinking is not within himself but is to be found in his social environment.

Figure 4.1: Different Levels of Quanzhou Managers' Intellectual Framework
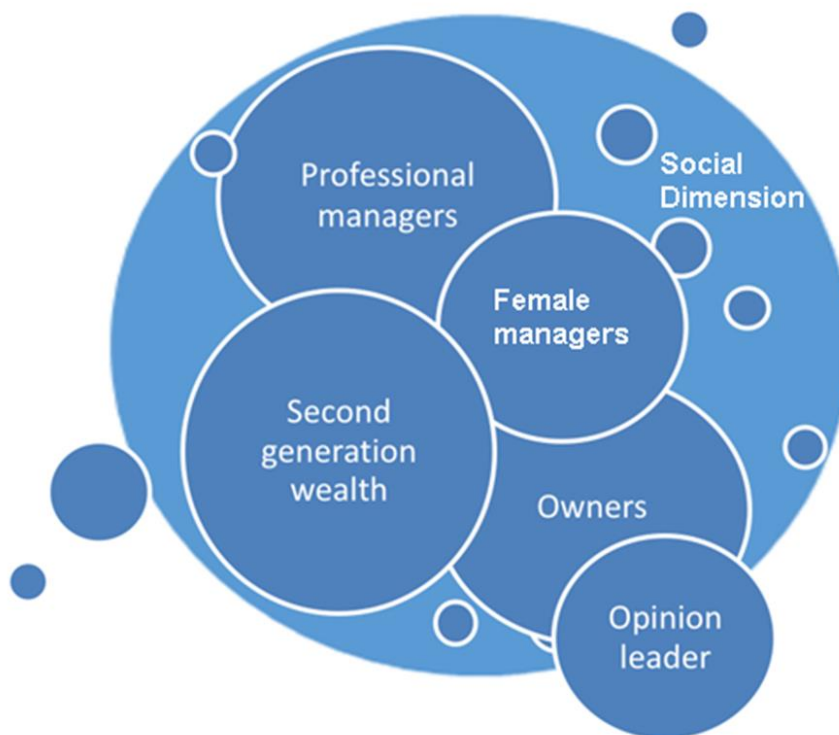
4.9.1 The Professional Managers and the Owners

It was fascinating to find two such distinct groups, professional managers and owners, with different backgrounds and generation gaps. According to this study's informants, one group with much wealth includes bosses in industry, like Lin Shui and Ding Hua, or in consultant companies like Wang Zong. They no longer worry about the economic foundation of their future life. However, they want to accumulate more wealth than they would be able to consume in the rest of their life. The most effective financial strategy of their companies is IPOs. Some bosses believe that people work for money

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and they therefore try to attract talents by providing a competitive salary. Especially, now it is very difficult for factories to recruit technicians, as those workers expect higher salary and a more comfortable job. The situation is totally different from that in the last century.

A second group of informants could be categorized as professional managers (*zhiyejingliren*). On the one hand, they are struggling to obtain more experience. On the other hand, they want to accumulate more wealth. Professional managers have been educated in some particular way and are eager proponents of IPO. Relocating to this city, they obtain senior management positions in companies. They perform management work and successfully obtain IPO is their mandate. After staying a year or two with the company, and getting a big share, they move on to the next firm for another IPO. Most of them are short-term oriented. They feel that the boss does not trust them, and they cannot work too long in a company. If there is a better opportunity, for example with a higher salary or a higher position, or in a bigger company, they will choose to leave.

Between professional managers and owners, there is a lot of suspicion. Their relations are full of doubt, distrust, backbiting, and mutual criticism. Some professional managers feel a strong sense of insecurity due to this suspicion. They don't feel safe without having a place in the owners' family circle. Sometimes they complain that the boss doesn't provide a platform for them to develop their full potential. The owners feel that there is no reason for them to spend a lot of money to hire professional managers if they themselves have professional knowledge. Their expectation is that the managers must contribute to the company's immediate profit.

Trust cannot be easily built, with the power struggle replaying continuously between these two groups. The professional managers always criticize their bosses for being arbitrary, calculating, low quality, manipulating, domineering, and changing their minds quickly. On the other side, the bosses criticize their managers' greed. Professional managers tend to implement a speculative way of managing. Before IPO, their salary is low, perhaps 300,000 yuan annually. However, their salary and the value of stock option will be very high after IPO, ranging from 1 million yuan to several millions. As such, they are more likely to keep jumping from one company to another after cashing out their shares. In some aspects the struggle between these two groups is similar to that between a father and a son, in as much as there is argument between the different generations in a family on different ways of managing. The father and son connect tightly and will collaborate over a longer term due to their common interest, in addition to the loose family ties.

Relations between the generations will be explored in the next section. For the moment, suffice it to say that in both of these situations we are talking about one person with a more traditional mentality versus another one who is more speculative. Fitting easily in the traditional model, the owners are not really good in managing these IPO firms. They are not able to dress things up. By contrast, the professional managers are really on the ball, able to present themselves as professionals. They are able to 'beautify' things for the firm to go public, before they disappear into another firm. There are strong forces operating behind their maneuvers, with a lot of hanky-panky going on to get IPO done. There are companies a firm can engage in order to dress up their accounts. Some companies completely specialize in IPOs for a certain city. In the 1990s many companies just posted the entire package of the accounting data to a big city for window dressing. This is the so-called creative accounting in action.

The two groups have different motivations for the IPO project. Managers' concern is more about compliance issues whereas the owners are calculating the opportunity's costs. For professional managers, maintaining their reputation is more important than minimizing the cost of public offering. They might stay in the company only for a short period of time. By contrast, the company is at the center of the owner's life. As such, conflict, suspicion, and tension between the two groups are irreconcilable. Most of the time they are in high tension situations (Antonakis et al., 2009).

It is not possible to find a coherent intellectual framework for the actors in these companies. Although superficial harmony is maintained, there are different competing factions within a company, right and left, traditional and modern, and rational and emotional. The two groups tend to take different views on how to deal with various relations. However, the deepest sources of these two maps tend to be the same, including the conceptions on human nature, human relations, education, authorities, and the purpose of life. The purpose of both groups is to accumulate more wealth.

4.9.2 Rich second generation and Old Generation

There is a substantial inter-generational effect to be found in today's China. Among my interviewees, it was easy to find these two other subgroups. Some of these managers were born in the 1980s. Other interviewees are more than 70 years old. The father in a shipping business is a typical example of the older generation. When I interviewed Chen Xing, I also got the chance to meet his son, Chen Qi. He does business in the shipping industry. According to Chen Xing's explanation, an IPO is like casino rather than real business. The real business is the one in his hand. During a time of recession, he still has stable revenue. The younger managers think that in the

modern era taking risk is normal. They take the view that to live in the past is not much better than going back to the cave.

There are different kinds of voices from the young generation. A high percentage of younger managers are rich second generation. They hold positions of General Manager, Vice President, and Company Secretary. Their concerns are more about the Internet, *renmai* (human relations), learning new ideas, and transformation. They think that entrepreneurs should move beyond traditional industry. They are not going to walk on the path defined by tradition. Maybe some of them are speculators. Most of the rich second generation peoples are very ambitious, their dream is to be number one in a specific industry, either through innovation within traditional industry, or incorporating Internet and capital operations into their expansion strategy.

In spite of this apparent difference, I did get the same message regarding their basic attitude, although Chen Qi stated that he didn't agree with some of the principles adopted by his father. But Chen Qi still accepted that there is an existing core business, even as he notes that the Internet would enhance the traditional business. Although the father is not familiar with the Internet, inherently they are not in conflict. It is most likely that, as time goes on, they will be able to reconcile their ideas in some way.

So, looking deeper, the difference between these two subgroups is also superficial. Compared with the old generation, although rich second generation is concerned more about innovation and transformation, their ultimate purpose is to make the business stronger and larger. In like manner, they are also seeking new markets and spaces for survival. With the aim of getting out of the predicament, the rich second generation tends to take the position that once the problem of cash flow is resolved, long-term survival will be assured. The transformation is eventually achieved by means of

generating cash flow, rather than providing real value for customers through the improvement of their products or service.

4.9.3 Female and Male Managers

Another story is about female managers, including female owners, rich second generation, and middle and senior managers. In my fieldwork, these female managers were chosen randomly, mostly introduced by my classmates or informants. Some of them are my friends.

Similar to male managers, women in management positions are very busy with their work. Like their male counterparts, they are concerned about company affairs, the survival of the business, and the economy of the family. This is very different from the traditional mentality where men are responsible for matters outside the family and women are in charge of housework (*nanzhuwainvzhunei*) (Osburg, 2013; Smith, 1897). Nowadays, female managers are taking more and more responsibilities in management and business. In Chinese tradition, the ability to shoulder responsibilities are often regarded as the important criteria of a good man.

Lin Rong, the female owner of a private company, has a similar thought structure to Chen Xing, a male owner. There are a lot of similarities in their way of thinking and pattern of behavior. Both companies were established in the 1990s. The owners tend to have good relationships with local officials. Both of them are members of the local Political Consultative Committee. Their children are involved in the company, and the company has not gone public. They like to contribute to the local community, and they participate actively in the improvement of the local employment situation.

However, I did not find the concerns of male and female managers to be identical in my fieldwork. One obvious difference concerned children and family. Contrary to

what one might suppose, female managers seem to have less time to care about their personal affairs and family matters. When there is a conflict between work and family, they tend to put work as their first priority. Most female managers are workaholics. It is normal for them to work overtime, especially in the company's busy seasons.

A sense of insecurity is also deeply ingrained in their inner life, and this can be felt from their responses. Looking for a better job, waiting for a promotion, and taking on household responsibilities all bring about a sense of anxiety, if not fear. Some of them regret that they didn't have sufficient time to spend with the children when they were young. Some of them tend to isolate themselves from the external world when they feel too much pressure. Due to the anxiety resulting from their busy schedule and life struggles, some informants are thinking of taking training on the meaning of the different roles they play in daily life—a good wife, manager, parent, superior, subordinate, boss, and so on. Most of them hope that there can be a balance in their life, but they never seem to achieve it.

For women in middle or senior positions, the purpose of work seems to be to gain a better economic condition. Female managers would not express such an idea frankly, however. They tend to be more devoted to work, and more likely to take responsibility for their job than their male counterparts. At least, according to what they say, we get this sense. Compared with male managers, female managers are not so ambitious in terms of career development. They are less likely to talk about money, IPO, transition, the Internet, and so on. They seem to be more careful, calm, with more wisdom and less conflictual when dealing with their bosses. Female bosses tend to look for a calm life, to take social responsibility, to care for their family, and to be actively involved in their children's education.

In general, female managers are more devoted to work due to their educational background, their character of caring, and forgivingness. Meanwhile, they have to take responsibility for the family, looking after children, and housework. Especially in middle management, women tend to be workaholics. However, the same insecurity can be found in different aspects of their life, such as relations with their children, their superior, and their future career.

4.9.4 Opinion Leaders

In the fieldwork I found some people who are much clearer about the road ahead than others. These are opinion or thought leaders whose intellectual framework for the future is lucid. They are not thought leaders in the community, but in Quanzhou's enterprises. Some of them are men in their seventies. For example, Chen Xing is the CEO of a shipping company. He told me confidently why his company is still making money. He never invests in risky areas such as the stock market or real estate.

Opinion leaders are more conservative and prudent regarding investment. They just focus on their familiar business. They are very careful about transforming the business into a new area, as they think this is quite risky. This is in contrast to many other informants of mine who invested in the stock market and real estate in the 1990s, thinking this would be the easiest way to make money. Although many companies did experience sudden wealth, most of them collapsed later.

Opinion leaders sometimes develop their own principles for management, based on their life experience and reflection on life. For example, Chen Xing has eight principles for running a business, including truthfulness, persistence, fairness to employees, and creating an atmosphere of caring. Another example is Wang Qi. He applied the traditional concept of *wuxing* (the five elements) into people management. In

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traditional culture, the five *wuxing* elements support each other even as they conflict with each other. So it is very useful to know a person's category as in *wuxing* and let him support compatible team members rather than working with those who will be in conflict with him. Wang Qi categorizes himself as *tu* (the earth). That is the original source of the other four elements. He said that among a thousand people, there are only a few *tu*, and they are in senior positions.

Generally, these opinion leaders have a set of fundamental principles. They are not speculative like their younger counterparts and not easily distracted by investment opportunities. They tend to think independently and do not imitate others blindly. They are more prudent and conservative. They are farsighted and think deeply. They have a long-term view and systematic way of thinking. Normally, they are older, senior managers, and have more experience. Most of them are the owners, founders, and are the most influential person in their company.

4.9.5 The Cultural Revolution Generation

Among my informants, there was a distinctive group whose formative period was spent in the dark period of the Cultural Revolution. There is no doubt that these individuals I talked to were dramatically affected by this experience. Most of them are now older people. They tend to feel thankful and grateful to the CCP. It is certain that much suffering occurred to them in that period. They tend to be very conservative, as their memories are all about struggling, competing for survival, suspicion, and the lack of trust, which are still affecting them. However, new opportunities had given them confidence about their future life. They think that without the reform and open-door policy they would not be able to achieve such success as entrepreneurs. To a great extent, this might alleviate the suffering that they encountered in that dark period.

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Most of the first-generation entrepreneurs had this experience. Although they finally came out of that suffering, their memories are still there, but the effect has diminished considerably due to the change in their economic condition. They think that economic change is essential for the wellbeing of their family and themselves. Hence, they are very conservative and are not willing to criticize the CCP and government in general. They seem to have already forgotten the pain. Currently, their concerns are more about economic achievement. They really want to develop certain virtues in order to sustain their business, especially operating under the better economic atmosphere and government policy. Maybe a sense of gratitude is the clearest part of their affective feeling. Their voices are more about sustainability and contribution to the local community, and the suffering of that dark period seems already to have disappeared.

4.10 Quanzhou Managers' Perceptions of Managing

In management literature, managing is traditionally interpreted as time and motion, operations, strategy, forces, thought system, and so forth. In China, in the past three decades, managing tends to be centered on the Internet, playing with capital, cash flow, *renmai* (human relations), and struggling. It seems that perceptions about managing vary over time and are somehow fragmented, and its evolution based on the experience and practice of entrepreneurs and the common understanding between entrepreneurs and scholars. In the transition, it is vital to look at these behaviors and structures, challenging the ontological thinking about management and organization—the foundation of the intellectual framework—and finally reach a deeper understanding about managing (see Table 4.5).

Table 4.5: Quanzhou Managers' Perceptions of Managing

Themes	Management literature	Quanzhou managers' perception

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Managing	- Command chain (Weber, 1947)	- Making money
	- Value chain (Porte, 1985)	- Internet
	- Scientific management (Fayol, 1949)	- Family
	- Time and motion (Taylor, 1881)	- Cash flow
	- The human relations school (Mayo, 1945; Homans, 1950; Roethlisberger & Dickson, 1939)	- Playing capital
	- Strategic planning (Ducker, 1993)	- *Renmai* (human relations)
	- Contingency theory (Burns & Stalker, 1960; Lawrence & Lorsch, 1960)	- Struggling
	- Assumptions; assumptions of mission, environment and capacity, human nature (Drucker, 1994)	- Battlefield
	- Strategic analysis (Porter, 1980)	
	- Operations (Peters, 1993)	
	- Forces and forms (Mintzberg, 1991)	
	- A learning system (Senge, 2006)	
	- Culture and leadership (Schein, 2004)	
	- Spiritual capital (Zohar, 2004)	
	Execution (Welch, 2005)	
	- Learning (Senge, 2006)	
	- A thought system (Bohm, 1994)	

An appreciation of the cultivation of a higher nature is emerging within management studies. This new stream of research concerns how spirituality impacts the way of managing, and some interesting conceptions are being introduced into the field of management study such as compassion (Senge, 2006) and spiritual capital (Zohar, 2004).

Looking at the six themes from the fieldwork, maybe some would point out that the managers in my study have horrible taste. When people say somebody has taste, normally it refers to one's education background, wealth, or obedience to the conventions of civility. To have taste means placing more emphasis on *suzhi* (cultural quality) or self-cultivation. However, it is a superficial gloss of attitude or behavior, sometimes referring to mere obedience to the conventions of civility, such as no spitting, no shouting, and no littering in public areas. These are practices of the old days, which are only applicable to that time. Now, taste might have more to do with

showing a social face to others, developing more contacts, or gaining respect from people. For example, Zhang Ruimin, the CEO of Haier, implemented 12 regulations for employees in the 1980s, which were similar to the conventions of civility. They would seem to be applicable only for that historical time. At the current moment, one might aspire for the definition of taste to change to spiritual and altruistic behavior based on noble thought, where one's actions and words are motivated from one's angelic side. This seems a long way to go. Due to the overemphasis on tradition and customs, and currently on economic achievement, the intellectual foundation is so strong that people find it difficult to challenge it.

It is difficult to refute the claim that the Chinese people have not always been so pragmatic as at the current stage. The CCP provides a good example of certitude. Although any value system is subject to limitation, the attempt of socialism is to create a better society. However, the approaches and means adopted in social and economical development for realizing such a social ideal seem inconsistent with the original intention. Taking all means such as the Deng's Cat Theory ("I don't care whether it is a white or black cat, as long as it can catch rats.") and the methodology of taking shortcut in order to develop its economy have resulted from a false dichotomy between science and religion, material and spiritual, aim and methods.

Today, managers are less likely to be conscious of or interested in the deepest sources of their motivation and capacity, especially in a society that is eager for quick success and instant benefit. They are not willing to challenge the cognitive, ontological, and fundamental aspects of their existence. Instead, their discussion topics tend to focus on the things that can generate immediate and instant results such as revenue, profit, capital, assets, and market. Slogans and claimed values are often used in the management setting. More and more managers and consultants are applying the

principle of the survival of the fittest, the Maslow Needs Theory, or the concept of "economic man." The high minded things which used to be emphasized in the past have little influence on potential transformation of management in the Chinese context.

One of the dominant perceptions regarding managing, as seen in my study, is that happiness and success are fundamentally based on material achievement. Most likely, managers' behavior will be directed towards earning money, buying houses, pursuing fame, gaining power, indulging in sex, and so forth. As such, managers have expectations in terms of financial performance, individual career development, good fortune and family prosperity, powerful status, and achieving a higher level of education. Most managers take it for granted that these things will bring them joy, excitement, and satisfaction in the days and weeks that follow the moment of achievement. As a result, they become very busy with pursuing these things—to the accompaniment of some degree of worry. They would realize sooner or later, as the state of excitement, joy, and satisfaction cannot last forever, the thought structure adapts to the new situation. Depression and insecurity occupy the mind when excitement, joy, and satisfaction fade.

4.11 Summary

It seems that the six major themes are shaping the thought structure of Quanzhou managers, and presenting a holistic picture of their intellectuality. This picture is by no means exhaustive, but it provides a lens for seeing the phenomenon and the reality of managing in a more convenient way. Basically, the characteristics of the six themes seem materially inclined. Psychologically, the intellectual framework is full of feelings of inferiority, fear, and the weight of a heavy historical burden.

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The fundamental level of the container is the driving forces, how managers perceive, think about, and feel about the external world. Self-interested economic rationality seems to be dominant at this level. This is the deepest source and most of the time they are subconscious of it. These fundamental beliefs might prevent managers from developing qualities such as compassion, cooperation, and collaboration.

The middle level of the container is the place of reasoning—the narrative and story about managing. Reasoning here is justification based on the driving forces, driven by the deepest sources, again often unconsciously. It is a structure that supports certain behaviors such as cash-centered financial strategy, marketing tactics, extrinsic incentives, fever for IPO, being crazy about the Internet, taking shortcuts, and competing for talent. These patterns of behavior are emanations of the driving forces.

CHAPTER 5: DISCUSSION AND CONCLUSION

5.1 Introduction

The purpose of this study is to explore the elements of Quanzhou managers' thought structures, the way these elements interact, and especially how the intellectual foundation is manifested in managers' pattern of behavior. The findings suggest six themes as the main actors in the thought structure of these managers. These thought structures are revealed at different levels, but with each other, they are interacting, interrelated, and interdependent. Some themes saliently relate to certain subgroups of managers. In this chapter, the six themes emerged from the fieldwork will be compared with the theoretical framework developed from the literature review. The intellectual foundation of frameworks will be discussed and its impact on management practices will be explored. Discussion will also focus on whether it is possible to enrich the intellectual framework by introducing new sources of ideas and thoughts. As such, a different level of consciousness is raised, a transformative view is developed, and an intellectual life is expanded. The implications of this study will be explained, and its limitations and suggestions for future study will be discussed. Generally, this chapter is about the insights gained from the findings and the potential effect of the study.

5.2 Comparison between the Theoretical Framework and the Six Themes Emerged from the Fieldwork

It is meaningful to see how the theoretical framework derived from the literature is manifested in Quanzhou managers' thought structure. Working from the eighteen elements found in the literature review, the fieldwork suggested six themes. One of the main concerns of this study is to investigate how these six themes fit into a theoretical framework. For example, the theme of survival is one of those that emerged, but where

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does it fit? Where does suspicion fit? Does it fit everywhere? The next task, then, is to assess whether the eighteen elements derived from literature review are compatible with managers' thought structure as explored in the fieldwork. The following sections explore these relations (see Table 5.1).

Table 5.1: The Six Themes and the Theoretical Framework

	Survival	Family	Suspicion	Insecurity	Transformation	*Renmai* (Human Relations)
The nature of man	*Homo Economicus*; Maslow's Needs Theory		Theory X; the traditional view of innately evil human nature	The traditional view of innately evil human nature		Based on a utilitarian ethic; vital for pursuing material success
The purpose of life	Survival is the purpose	*Yangjiahukou* (bringing home the bacon)		A strong feeling of insecurity		Self-interest
Human relationships	Developing contacts is regarded as a self-protection strategy and a means of survival	Intimate relations are often limited to family members and family seems the only tightly integrated unit.	A lack of mutual trust between the owners and professional managers			These relations are fundamentally utilitarian.
Human activities	The survival of the fittest and the wolf culture	The pursuit of family wealth and *yangjiahukou* (bringing home the bacon)		Become worried about things that they can't control, beset by fear; seriously pray for ancestors and other forces to protect their business and family		
Privacy	The atomism of modern society; a means for managers to protect themselves	Being private about their personal life and family matters	Don't want others to know how they accumulate wealth, *Peikehu* (entertaining), and	Stressing privacy has to do with insecurity		Privacy is especially emphasized when for business dealings outside the setting of family or specific social circles

			having mistresses or the little third			
Freedom	To achieve financial freedom	Various problems such as family harmony, the children's education, and relationships among family members will then naturally disappear	Don't have the motivation to free themselves from their current feeling of suspicion	In the process of pursuing wealth, competition brings a sense of insecurity	IPO seems apparently a sacrifice of ownership, but in reality most of them gain financial benefits in this process	The larger the social circle (*quanzi*) they have built, the less they feel insecure
Power	Power is often achieved by means of wealth and social status	The power structure determines that the head of the family will have the final say; good wealth and fortune can also enable managers to have a second home for their mistress				Powerful persons such as officials, entrepreneurs, rich second generation, and the rich in general are targeted by managers for building relations
Family life and work	Financial situation, business affairs, career, and social circle are the foremost issues for men	Family bonds are loosening in the modern age	There is more suspicion than there used to be between husband and wife	Rising family expenditure, the fast pace of modern life, and the education of their children create much pressure for managers		A sense of shared responsibility applies only among family members or a small group of people
Justice	Uneven wealth distribution; the safety of the owner's wealth is the first priority	The paternalism is echoed in the organizational setting		It is difficult for the entrepreneurial spirit to be introduced into		Manipulation and domination are still the prevailing characteristics in the enterprise

				the company setting
The nature of reality and truth	Taking all means; tend to believe that there is no god beyond human existence	The family structure reveals loyalty and affection toward kin	Managers seem to believe in the things that exist in their immediate surroundings such as assets, revenue or profit, which are empirically verifiable; for many years people have lived without belief in a transcendent value	Unlikely to be strongly motivated in search of some ultimate existence, truth, or value; many such traditions have become merely practiced rituals, often regarded as superstition

| The relation between religion and science | Religion is interpreted as a mere means of improving survival capacity; the relationship between religion and science is considered as essentially contradictory and conflicting | | | The financial crisis, food scandal, and environmental crisis bring with them a lot of anxiety; baibai (a way of religious worship) seems to be one of the most effective ways for Chinese managers to reduce such worrying | Science is reduced to mere technology knowledge or a set of techniques; to be enamored with technology, especially in the age of the Internet, in order to pursue an instant result and new growth point | |
| The role of technology in the future of humanity | Technology is often regarded as an instrument for economic development | | | A lot of money will be needed to create strong technical capabilities | They strongly believe that technology will benefit their company when it transforms | The alienation of a society obsessed with new media |

The evolution of humanity	The material is regarded as goals in the sequence of social evolution through different phases of social development	The progress is mainly measured by higher family expenditure	Nothing can give confidence to people within the moribund social order of today	Confused about the future and the increasingly negative impact of economic development; human history seems easily to revert to our original phase of development—the competitive nature and play occupying the mind of childhood or infancy	The developed countries are dominating the world economy	
World economy	To become richer and larger, to have a good economy, to dominate the expensive property league				To transform to an advanced economy model, to be a modern enterprise, to standardize operations, and to obtain high tech and new tech capabilities	
The meaning and purpose of education	A simple instrument for material prosperity; a means of improving survival capability		They think that education cannot improve the ability of people to survive or provide a guarantee for their jobs	Worry about their children's education, don't believe in the education		The EDP program is introduced for developing contacts and obtaining business information

				system in China;	
Metaphor or organization	A means of satisfying the bosses' desires	Paternalism and manipulation	The enterprise is more like a machine for profit making	It is better to be the head of a dog than the tail of a lion	
Mission and strategy	Profit making, to be stronger and larger			To solve capital issues	To transform via high tech and Internet plus
Organizational goal	For profit making				

5.2.1 Human Nature

In the literature, managers' conceptions of human nature seem to be fragmented. There is a natural dichotomy between the high-minded aspects emphasized by traditional values and the low nature driven by the doctrines of materialism. On the one hand, much attention is paid in the literature to how to become a gentleman, one who is cultivating high things (Chen, 2002; Wu, 2011; Zeng, 2006). On the other hand, theory also inclines towards expression of the animal needs and sensual happiness, based on the premise that human evolution occurs essentially through natural selection (Spencer, 1860), the human is fundamentally *homo economicus*, and the existence need is the first priority (Maslow, 1954).

The responses from many managers convey a pattern of thought directed towards a materialist conception. The human body seems to be defined as the source of material instincts and appetites, and happiness is largely pursued through sensual consumption. Based on this conception, managers often express the view that the foremost thing in management is survival and one of the most effective conditions for survival is to earn more money. The finding seems to be centered on the meanings managers attribute to money and survival—a relative states of preoccupation with material existence. Although what they say may not coincide exactly with reality, money seems to occupy the major part of their way of thinking. The topic of money emerged quickly in the early stage of my fieldwork, and its importance was widely accepted by the majority of my informants.

Survival seems to be the meaning of life in managers' eyes, as individual, family, company, and employees all have to struggle for a better life—a better material life. It is taken for granted that if a company does not earn sufficient profit, if a family or

individual does not possess enough wealth, they will not be able to exist in this competitive society.

The pursuit of things related to one's lower nature is also found in other themes. *Renmai* (human relations), based on a utilitarian ethic, is also seen as vital for pursuing material success. Suspicion and insecurity coincide with McGregor's (1960) Theory X and the traditional view of innately evil human nature (McGreal, 1995). Many informants admit that human desire is wicked, and this is manifested most clearly in the ways the owners see the professional managers, the professional managers see their bosses, the family members see the outsiders, and the businessmen see their partners.

5.2.2 The Purpose of Life

Accordingly, personal wellbeing, the source of meaning, and the purpose of life in managers' thought structure is clearly based on a material dimension. This prevents managers from connecting to a deeper reality, which gives ultimate meaning, purpose, and direction to human existence (Hsu, 1969; Senge, 2006; Zohar, 2004). For these managers, the purpose of life is more about survival and *yangjiahukou* (bringing home the bacon), with a strong feeling of insecurity, especially as regards to financial pursuits. For example, with the aim of collecting more money, both owners and professional managers are looking for IPO opportunities. Owners see IPO as the ultimate goal of running a business. Managers are pursuing job opportunities related to IPO. One of the main motivations for taking an executive program is to be better prepared to carry out IPO projects. In the process of pursuing financial achievement, managers are less likely to transform themselves into a high quality (*suzhi*) person.

5.2.3 Human Relations

It is often thought that managers tend to pursue their self-interest in a rational, calculated, and self-maximizing manner within an arena of competition over scarce resources (Fei, 1992; Osburg 2013; Yang, 1994). In the fieldwork, I found a lack of mutual trust between the owners and professional managers. They are engaged in a constant battle to manipulate, control, and gain power over each other. A good manager, as defined by owners, should be absolutely obedient and loyal. However, professional managers have their own power and don't actually do as they are told (*tinghua*). Thus, any harmony that might be established between the owners and the professional managers is superficial at best. A small conflict, especially one upsetting the interests of either party, may suddenly turn an organization into a battlefield. It is no exaggeration to say that the failure of many companies is due to the competitive nature of such relations. The inclination towards manipulating each other has its root cause in the lack of sincere communication and mutual understanding, which is seen as one of the major characteristics of the Chinese people (Fei, 1992; Smith, 1897). Given the interconnectedness of the two parties, especially in the process of going public, management policies such as equity incentives can help to form a community of interest. However, intimate relations are often limited to family members and family seems the only tightly integrated unit.

In order to gain more power, many managers often resort to developing a network of friends, former colleagues, and acquaintances, who may provide them with a certain benefit in a deal or help in solving a problem. Developing contacts is regarded as a self-protection strategy and a means of survival. With such a salient purpose, social circle interactions may become a rewarding place for managers to invest all of their time and energy. These relations are fundamentally utilitarian in nature. A sense of insecurity also accompanies the process of building relations, especially in recent years

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when the government's anti-corruption campaign has increasingly become an obstacle for businessmen to entertain officials. Actually, many managers told me that they don't really like this way of building relations, but they have to do it in order to protect their own interests.

5.2.4 Human Activities

The principle of the survival of the fittest and the wolf culture are widely adopted by more and more Chinese managers. The pursuit of family wealth and *yangjiahukou* (bringing home the bacon) are emphasized in managers' responses. The concerns of many informants are mostly in the realm of physical existence, which they feel is easier to see and manage. Deeply rooted is an innate human tendency to be competitively acquisitive, taking over the world and controlling one's destiny becomes a natural mindset for many managers. Although many owners want to be in control, the biggest struggle in their managerial life is precisely with forces that are beyond their control—for example, betrayal by partners, the disloyalty of professional managers, and changes in government policy.

Some owners become worried about things that they can't control, beset by fear, anxiety, and superstition. They think that an external force, be it ancestors or God, can ensure that matters are put under their mastery when they feel their personal affairs are unforeseeable. Some companies and managers strongly believe that such forces will change their fate. Therefore, they seriously pray for ancestors and other forces to protect their business and family (Redding, 1993).

5.2.5 Privacy

Economic development seems to be accelerating the atomization of human relations in modern society, in the process it shapes people's values, styles, and mindsets

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regarding personality or personal affairs. Managers are very pressed for time and overloaded with social commitments, paradoxically heightening an intense need for privacy. It is increasingly accepted that protection of individual, financial, and personal privacy is an important part of managing. Privacy is taken seriously and becomes a means for managers to protect themselves, especially in the context of China where a system of trust has not yet been built (Smith, 1897; Weber, 1951).

By tradition, Chinese people tend to be private about their personal life and family matters. After reform and the opening policy, managers are increasingly stressing individual rights and personal interest. For example, senior managers always have a private office, as they consider that they have to deal with confidential issues (Hall, 1966). For the managers in my studies, stressing the importance of privacy has to do with insecurity as well. *Yingchou*, *peikehu* (business entertaining), and having mistresses or the 'little third' are always lurking in the shadows of corruption cases. Considering the safety of their possessions, most of owners and managers don't want others to know how they have accumulated their wealth. Some managers were vague in answering my questions in this regard. Although privacy did not seem to come out much in the previous chapter, it is especially emphasized in business dealings with parties outside the setting of family or specific social circles (Schwartz, 1992; Tang & Ward, 2003).

5.2.6 Freedom

It is widely perceived that adopting IPO strategy is at the core of managing, and that IPO is the only way to achieve financial freedom. Many managers do indeed get rich if they have the opportunity to be involved in successful IPO projects. For the owners,

IPO might on the surface appears to look like a sacrifice of their ownership, but in reality most of them gain financial benefits in this process.

Once a goal is achieved, people move on to the next pursuit. For many managers, the pursuit of financial freedom has become more important than ever in their country now that the problem of food and shelter has been solved. They believe that when they possess more wealth there will be more of a sense of freedom. Various problems such as family harmony, the children's education, and relationships among family members will then naturally disappear. Some would think that with the support of a strong financial situation, the family is more honorable, the children can go abroad or obtain foreign residency, and the stability of the family is maintained. This idea seems to be based on a purely materialist conception of human existence, supported by individualist social theorists who describe modern society in atomist terms (Abercrombie, Hill, & Turner, 1986).

In the process of pursuing wealth, competition brings a sense of insecurity. However, most managers don't have the motivation to free themselves from their current feeling of suspicion, and the confines of the natural and material world, as they normally don't want to embrace cognitive change. They don't know how to handle the emotion of anxiety, and are unable to obtain a sense of relief. Developing contacts is a way of gaining a sense of safety. The larger the social circle (*quanzi*) they have built, the less they feel insecure. "More friends, more roads" is a doctrine that has long been deeply ingrained in their thought structure.

5.2.7 Power

My fieldwork indicated that managing, manipulating, and controlling are salient features in organizational relations, and are often achieved by means of wealth and

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social status. The notion of letting the *toujia* (the boss) make the final decisions is widely accepted by employees in the business setting. In a traditional family, the power structure determines that the head of the family will have the final say, especially in terms of children's education and economic issues (Chen, 1922; Hofstede, 1980; Lee, 1985; Littrell, 2002; Wu, 1922; Zhang, 1997). Good wealth and fortune can also enable the managers to have a second home for their mistress. Some of their spouses accept this arrangement because they don't need to worry about financial problems as long as they stay in the marriage. It seems that power in China has its economic component (Fei, 1992). In terms of utilizing the advantages of *renmai* (human relations), powerful persons such as officials, entrepreneurs, rich second generation, and the rich in general are targeted by managers for building relations (Wang, 2003).

5.2.8 Family Life and Work

The traditional values of filial piety, the relationship between men and women, and relations between parents and children are shaping, to a great extent, the Chinese family structure (Chen, 1922; Fu, 1952; Ho, 1986; Li et al., 2011; Littrell, 2002; Wu, 1922; Xiong, 1980). My fieldwork revealed that financial situation, business affairs, career, and social circle are the foremost issues for men. Husbands are always busy with *yingchou* (business entertaining), often with the excuse of taking care of responsibilities (Smith, 1897; Osburg, 2013).

Indeed, family affairs cannot be separated from business and work, as both are aiming at the proper administration of income and expenditure of a family (Wilson & Pusey, 1982). Rising family expenditure, the fast pace of modern life, and the education of their children create much pressure for the managers in my study. This is especially the case for owners. Both male and female managers spend little time with their family

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members. From the fieldwork, we can see that most female managers are workaholics. Similarly, business entertaining (*yingchou*) is the common excuse for late nights out for male owners and managers.

There is more suspicion than there used to be between husband and wife, parents and children, and among family members. Family bonds are loosening in the modern age, which is directed towards a more utilitarian purpose. In like manner, the atmosphere of suspicion prevails in the organizational setting. A sense of shared responsibility applies only among family members or a small group of people. Although many listed companies adopt a bureaucratic organizational structure, information only flows freely within a small circle that might include founders and family members, relatives, and one or two professional managers within the company.

In most private or pre-listed firms, the scale remains small for convenience of control (Berger, 1994; Lee, 1995; Wank, 1999). Family members are often seen occupying the key management positions (Tang & Ward, 2003). It is evident that control and coordination are mediated through family ties. Thus, some professional managers find it difficult to carry out managerial work within a family business. For those recruited from outside the family, behaving in accordance with the authority of the owners (*tinghua*) is an implicit requirement (Dardes, 1991).

5.2.9 Justice

In senior managers' view, people care about belonging to and being proud of a collective, but they also have the desire to differentiate themselves from others. On the other hand, owners expect all employees to act like owners, with dedication and commitment. Although owners are concerned about the entrepreneurial spirit being introduced into the company setting so that the company can learn and innovate, and

doing it collectively, in reality, manipulation and domination are the prevailing characteristics in the enterprise. In the family, the husband or parents are in a more powerful position, and this authoritarianism is echoed in the organizational setting. An atmosphere is cultivated where employees don't participate in the process of decision-making, as there is no room for them to freely express ideas (Littrell, 2002; Silin, 1976; Tang & Ward, 2003).

In line with this kind of power hierarchies, uneven wealth distribution is now increasingly common in the family business. Primarily the happy few at the top are earning more by serving their external shareholders and thereby widening salary gaps within the company significantly. The gaps between what senior managers earn and what workers earn are startlingly large. The enlarged gap damages employees' morale and productivity. More and more owners are adopting profit-sharing plans as a potentially viable solution to the problem of wealth distribution (Greenberg, 1987; Latham & Pinder, 2005; Sharpe, 2006; Sheppard et al., 1992). However, the first concern is providing a solution for the conflictual relation between the owners and professional managers, based on the understanding that the profit-sharing scheme should satisfy both parties' needs, as both contribute more to the firm's growth.

Today's business owners in Quanzhou seem to emphasize the idea that the company belongs entirely to the owner himself. The safety of the owner's wealth is the first priority of managing. Company activities such as donations and social responsibilities are seldom undertaken for the real betterment of society, but for the name and reputation of owners. If we look at the deeper level, not being willing to share profit seems to be based on the premise that the human is basically self-interested (Fei, 1992; Smith, 1897) and the premise of survival of the fittest (Spencer, 1860).

5.2.10 The Nature of Reality and Truth

On the one hand, managers' thought structure is unlikely to provide a strong motivation to address the questions which are related to ultimate existence, truth, or value, because, in China, people tend to believe that there is no higher realm of existence beyond their physical existence (Osburg, 2013; Reed, 1991; Richard, 2011; Vernezze, 2011). For many years people have lived without a belief in a transcendent value, spiritual power, or soul. The traditional culture and the pursuit of economic success do not seem conducive to the formation of an ontological investigation into spiritual power. Thus, fear of god does not form part of the managers' thought structure. On the other hand, most ancient customs did follow a number of gods, and Quanzhou today is, on the surface at least, a polytheistic and multi-faith community. However, many such traditions have become merely practiced rituals, often regarded as superstition. People tend to blindly imitate what others do such as *baibai* (a way of religious worship) (Redding, 1993). The fieldwork showed that they are doing that to increase or protect their fortune or wealth or health as well.

 Truth, then, is regarded as something that can be touched, seen, and observed. In the business world, managers seem to believe in the things that exist in their immediate surroundings such as assets, revenue or profit, which are empirically verifiable. They are less likely to think about working towards the public good. The concept of social responsibility is separated from managers' family and business life. Organizational leaders tend to avoid social responsibilities due to the necessity of survival and the strong belief in efficiency of instrumental rationality (Tang and Ward, 2003; Zhang, 1997).

The evidence from my fieldwork doesn't suggest a significant relationship between management's strategic and moral view on CSR and actual CSR performance, and is driven mainly by pursuits of reputation and relations (Ven & Graafland, 2006). Taking one's responsibility is regarded mostly as a way to gain personal reputation, build relations, and pursue fame, mainly with the intention of satisfying friends, family members, and colleagues. The family structure reveals loyalty and affection toward kin. One's roles as a citizen, worker, or manager and as a member of a community are not seriously considered (Gardner, 2008).

Managers' concerns are mostly about their own personal rights. Most managers know their responsibilities, but have less motivation to act on fulfilling them. There is no habit inculcated among the managers or owners in my study to think and reflect on different roles that they might play.

5.2.11 The Relation between Religion and Science

For China, the rapid economic development in the past 40 years has created a lot of problems. Even, religion is regarded as a mere means for improving survival capacity (Osburg, 2013; Reed, 1991). The financial crisis, food scandal, and environmental crisis bring with them a lot of anxiety. *Baibai* (a way of religious worship) seems to be one of the most effective ways for Chinese managers to reduce such worrying (Redding, 1993).

The relationship between religion and science is considered as essentially contradictory and conflicting. The dream of a better financial situation and more sustainable growth relies solely upon scientific management, which has become the slogan of more and more companies. However, the practice of science, as a human endowment which enables humans to construct a powerful system of knowledge and

practice—illuminating human understanding and enabling penetration into the mysteries of the universe—is ignored. There is no aspiration among managers to use their time and energy to apply such principles in the process of transformation or self-transformation. Though they would not hesitate in the least to pay lip service to it, science is reduced to mere technological knowledge or a set of techniques. Quanzhou managers tend to be enamored with technology, especially in the age of the Internet, in order to pursue things which can give instant results and new growth point.

5.2.12 The Role of Technology in the Future of Humanity

Technology is often regarded as an instrument for economic development, that is essential for the survival of organizations and individuals. The overwhelming fascination with technology, and the fever for Internet plus, is to some extent due to the lack of a comprehensive understanding about the nature, background, and foundation of science. Many managers take the view that the fate of the company is entrusted to new technology. They strongly believe that technology will benefit their company when it transforms the company. However, to some, technology means something expensive that only large companies can afford, as a lot of money will be needed to create strong technical capabilities. The pursuit of larger scale business, and the over-investment in various information systems seem to result from a limited understanding about the essence of the scientific method (Guo, 1980; Hu, 1998; Lai, 2003; Mintzberg, 1989; Liang, 1963; Wei, 1991; Zhang, 1997).

5.2.13 The Evolution of Humanity

China, the world's second largest economy, is supported by the growth of the country's GDP (Tisdell, 2009). The doctrine of pragmatism as reflected in the famous Cat Theory promulgated by Deng Xiaoping, is instilled deeply in the entrepreneurs' minds (Zhang,

1997). Contemporary China seems to be dominated by the idea of becoming richer and stronger (Wang, 1995; Zhang, 1997), which has its root in the teachings of Social Darwinism.

Spencer (1860) applied his Social Darwinism to all aspects of society—social, political, economic, and education. The progress of humanity relies heavily on competition. Social Darwinism, which became popular in the 19th century, states that the struggle for life results in improvement because this allows for the survival of the physically and mentally fittest people. Mankind is simply large numbers of individual economic units and the only thing separating them is economic success. The poor, who form the disadvantaged underclass in a modern society, are viewed by Social Darwinists as unfit to survive.

Quanzhou is a typical industry powerhouse with large-scale manufacturing of clothing and footwear products for sale in the wider market (Zhang, 1997). What people pay attention to in this place is whether or not a person has succeeded in his economic life. People who have become rich are enjoying a well-off life. The progress of this region is mainly measured by higher family expenditure, according to the responses of some managers.

Along with the rapid economic development, people have become aware of many social problems that plague the region. The food industry in Quanzhou is producing harmful products and polluting the environment, together with the tofu-dregs projects (*doufuzha gongcheng*) that are being carried out or have been completed. Obviously, the phenomenon contradicts the national narrative of technological and economic progress (Osburg, 2013). Although the government defines progress by pursuing a

vision of a desirable future, which can be sustained for more than a hundred years, the people don't believe it.

Most of my informants are confused about the future and the increasingly negative impact of economic development. In order to have a sense of security and confidence, they are learning Western management theories and applying them in their daily management (Zhang, 2006). Unfortunately, if the findings of this study are shared, people will likely be even more confused, overwhelmed, or discouraged. Nothing can give confidence to people within the moribund social order of today, especially when there is no clear vision or hope for a harmonious future world order.

Evidently, the developed countries are dominating the world economy by applying the doctrine of Social Darwinism. They have the largest corporations producing substantial revenue and profit, enabling them to have the final say in the global economic game. To become richer and larger, to have a good economy, to dominate the expensive property league, to transform to an advanced economy model, to be a modern enterprise, to standardize operations, and to obtain high tech and new tech capabilities have become the major pursuits of the majority of enterprises in Quanzhou.

5.2.14 The Meaning and Purpose of Education

The process of education is key to human prosperity, but the goal of this process is reduced to that of a simple instrument for material prosperity. Most managers regarded education as a means of improving survival capability. For example, the EDP program is introduced for developing contacts and obtaining business information. The purpose of education is often defined as looking for a good job or running a business well, which can eventually help in achieving a better social status (Drucker, 1998; Mintzberg, 1989). Therefore, managers who are looking for immediate effect think that the

certificate is good for nothing because it does not help to generate more money and that education is not for self-cultivation (Kipnis, 2006; Woronov, 2009). That's why many managers worry about their children's education (Fong, 2007). Most of them don't believe in the education system in China, as it cannot provide them with a sense of security (Osburg, 2013). They think that education cannot improve the ability of people to survive or provide a guarantee for their jobs. Hence sending their children abroad to study is a good way to avoid being contaminated by the deficient educational policy and operation (Anagnost, 1997; Kipnis, 2006; Woronov, 2009).

5.2.15 Organizational Goal

In a place that traditionally sees the family's prosperity in its material aspect as the meaning of life, the enterprise often functions like a family, with its relations characterized by paternalism and manipulation, especially in a country which is described as a "legal state ruled by men" (*renzhide fazhi shehui*) (Fei, 1992). In Quanzhou, the organization of the enterprise is for the convenience of controlling of wealth, assuming that people can live in complete isolation, obeying a set of rules established by the head of the family. *Tinghua* (to obey what they are told) is a basic requirement in selection, work communication, and daily management. This is opposite to the view that a community is composed of people who look and think differently, have different views and value systems (Douglas, 1986; Mintzberg, 1989; Wheatley, 2006; Zohar, 1990).

The enterprise is more like a machine for profit making, and a means of satisfying the bosses' desires, with energy and resources being directed to achieving results measured in financial terms (Li et al., 2011; Mintzberg, 1989). Many managers believe that it is better to be the head of a dog than the tail of a lion. The company provides a

platform for the successful businessmen to show their ability to achieve higher profitability and productivity, rather than to take more social responsibility (Ackerman, 1975). Hence, profit making, making their firms stronger and larger, to transform via high tech and Internet plus, and to solve capital issues are the major concerns of an enterprise.

5.2.16 Summary

Undoubtedly, the eighteen elements identified in the theoretical framework are relevant to the six themes that emerged from the fieldwork, representing the system of thought of Quanzhou managers. The strong forces of survival mentality are shaped by material conceptions about human nature, the purpose of life, and human relations. The sole reliance upon economic development for prosperity, the emphasis on the impact of material distinction, and the importance of money seem to be the prevailing forces shaping managerial behavior. Perspectives on human nature can in turn lead to certain patterns of behavior, certain narratives and stories of managers. The narrative may also correlate tightly with the themes explored in the interview guide.

5.3 The Deepest Sources of the Manager's Intellectual Framework in the Chinese Society

This section looks in depth at the foundation, the genes, the DNA, the deepest sources, and the driving forces of managers' thought structure. In reviewing the literature and fieldwork data, it aims to explore managers' thought structure through its primary motives. The major concern of this study is exactly this: to explore these deepest sources and their relations to pattern of behavior. It aims to answer questions such as why do these themes emerge rather than other themes? Why do they have such fundamental effects? How are these sources formed?

The concepts that are often relied upon, either consciously or subconsciously, by Quanzhou managers derive from various sources. They are most likely to be found in traditional culture and practices, the education system, Western value systems, the theory of scientific management, economic theories, military language, political movements, government policy such as the opening door and the reforms, and so on. All of these shape managers' pattern of behavior.

Managers' motivations and capacity emanate from these deeply rooted sources, which they rarely think about and challenge them. In most cases, the old way of thinking prevents the process from being made explicit. These sources often reflect and constitute unbending convictions or commitments. Gradually, they become the main causes, catalysts, and driving forces of their pattern of behavior. Over the last three decades of development of the Chinese management, these have been the most important sources shaping the reality of managers' intellectual life. In order to understand the deficient order in the business field and its underlying structure, it is necessary to make these sources explicit. Managers will be able to reflect on their situation if they can take this further step to investigate their own intellectual foundation. Table 5.2 portrays this foundation.

Table 5.2: The Deepest Sources of Quanzhou Managers' Intellectual Framework

Source	Survival	Family	Suspicion	Insecurity	Transformation	*Renmai* (Human Relations)
Traditional values	**See Table 5.3**					
Quanzhou local culture	Daring to struggle, daring to challenge, and love of gambling					
The CCP's values	The Three Represents, Eight Dos and Eight Don'ts, and the Scientific Outlook on Development				The Cat Theory; "wade across the stream by feeling the way"	
Cultural revolution and political movements	"Fight with the sky, happiness is infinite; fight with people, the brain is more and more clever."		The idea of struggling			
May 4th movement and scientific management	The scientific method was regarded as the only way to acquire knowledge; Taylor's paradigm of scientific management; to be more dogmatic; a paradigm of reductionism		System design is based on the idea of suspicion	To become larger and stronger, to earn quick money, and to have a sense of security	Western management theory; "Chinese body and Western usage" to guide and promote reform	
Economic theories	Modern management; the economic man behaves rationally; self-interest; maximum welfare and benefits; "natural selection and		Humans are basically lazy and untrustworthy	"Nice guys finish last."	The language of economics; to become more modernized and internationalized	

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	survival of the fittest"; Social Darwinism;				
Opening door era	The Cat Theory; faith in money；The pursuit of self-interest		The overexploitation of resources；in emotional insecurity,	A more efficient way of development; in pinning one's hopes on transition	The materialization of human relations, in *xiaoren* (person of low standing) rather than *junzi* (superior person) behavior, in the principle of subjectivity, in the exchange of power for sex and money between officials and businessmen
Craze for Chinese classics	Traditional culture and Sinology;		The lack of spirituality		
Overseas businessmen	To stand out among people; the principle of *pinbo* (daring to struggle)	To glorify the family; paternalism			Strive to establish social networks, especially concentrating on trust building through long-time relations
Learning by doing	True knowledge is only generated from practice and experience				
Business school education	A dehumanized style of enterprise management			Technical knowledge in accounting, marketing, and human resources	Developing contacts

5.3.1 Traditions

Traditions are the most powerful sources of managers' thought structure. The formation of the tradition of a nation is shaped by many historical conditions. China has a very long history of agricultural development. According to "The Yellow Emperor's Inner Canon," an agricultural people are settled in one place for a long time, so they tend to worship their national habits and customs (Tian, 2012). The following is an explanation of traditional values and their relations with the intellectual foundation of Quanzhou managers (see Table 5.3).

Table 5.3: Traditional Values

Themes	Traditional Values	Sources
Survival	Jostling and joyous, The whole world comes after profit; Racing and rioting, After profit the whole world goes!	Records of the grand historian of China / translated from the Shih chi of Ssu-ma Ch'ie by Burton Watson, New York : Columbia University Press, 1971
	Man struggles upwards; water flows downwards	Proverb
	To enjoy food and delight in colors is natural	*Mengzi* (Mencius)
Family	The elder brother is like a father	Proverb
	Carry on parent's cause	宋·释道原《景德传灯录·利山和尚》
	Wulun: Between father and son, there should be affection; between sovereign and minister, righteousness; between husband and wife, attention to their separate functions; between old and young, a proper order; and between friends, fidelity	*Mengzi*
	Sangang: The three cardinal guides: ruler guides subject, father guides son and husband guides wife	*Bai Hu Tong*
Suspicion	Each one sweeps the snow from his own doorstep and doesn't bother about the frost on his neighbor's roof	《警世通言·玉堂春落难逢夫》
	Human nature is evil, all that is good about human nature is man-made (i.e., not really human nature)	*Xunzi*
	One shouldn't have the heart to harm others, but must be vigilant so as not to be harmed	洪应明的《菜根谭》
	A sense of strategy	*Three Kingdoms, Sun Zi's Art of War*

Insecurity	Those who do good are rewarded and those who do wrong are punished	Proverb
	God is watching from above	
	When there are adequate stores, they will know what is decorum; when the people have enough food and clothing, they will know what is honor	*Guanzi*
	The nail that sticks up mostly gets hammered down	Idiom
	From history and historical figures, we know that thrift leads to success and luxury, failure	李商隐《咏史》
Transformation	The usages of ceremony that come closest to our human feelings	*Liji*
	Jostling and joyous,	Records of the grand historian of China / translated from the Shih chi of Ssu-ma Ch'ie by Burton Watson, New York : Columbia University Press, 1971
	The whole world comes after profit;	
	Racing and rioting,	
	After profit the whole world goes!	
Human relations	*Wulun* (the five cardinal relationships)	*Mengzi* (Mencius)
	When a man attains the Tao, even his pets ascend to heaven	Idiom
	Intelligent is he and prudent, and so preserves his person	*Zhongyong* (moderation)

This study finds that the materialistic conception of man is predominant in managers' thought structure. The transformative process of self-cultivation towards prosperity or a better civilization in the future seems to be marginalized and left out of financial performance at this time. Some images are naturally selected by the managers from the traditional teachings, such as "Man struggles upwards; water flows downwards," "To enjoy food and delight in colors is natural," "Thrift leads to success and luxury, failure," or "When the people have enough food and clothing, they will know what is honorable."

Evidently, the six themes uncovered in the fieldwork have their root causes in traditional culture, influenced by literacy classics, proverbs, or idioms. The *wulun*, the overriding "rule of man," the doctrine of moderation (*zhongyong*), the principle of filial piety, the emphasis on human mind and human resources, paternalism, family,

obedience, and harmony are all conceptions shaping a mixture of managerial practices and a middle way in Chinese management (Zeng, 2006).

The Confucian value system had great impact on the nature of power distance, the hierarchy, and the roles played by owners, managers, and employees. Managers tend to adopt a centralized leadership style. Meanwhile, differences in function are often ignored. Traditionally, the most powerful person in a family or a village will have the authority to decide on important matters (Chen, 1922; Fu, 1952; Ho, 1986; Li et al., 2011; Littrell, 2002; Wu, 1922; Xiong, 1980).

Many companies adopt the values of family, *wulun* (the five cardinal relationships), filial piety, and paternalism in their daily management. The principles of running a company are most likely to be determined by the founder of the company. The founder has a fundamental impact on the mission, value, strategy, and management style of a company (Bartunek, 1993; Deal and Kennedy, 1999; Garvin & Roberto, 2005; Gioia & Chittipeddi, 1991; Kotter, 1996; Mantere et al., 2012; Li, 2013). Some studies indicate that the passing away of the founder always leads to the stock price of his company going down. The absolute power of the boss and the arbitrary nature of decision-making have resulted in much suspicion between the boss and the professional managers.

Paternalism is often manifested in Chinese family business (Redding, 1993). Most of founders make all of the important decisions in their company. Having absolute authority is a value strongly held by many companies' founders. Obedience, *tinghua* (obeying what they are told), and saving face to some extent become obstacles to releasing creative energy, imagination, and the full potential of employees (Dardes, 1991). In fact, the majority of managers cannot engage in a consultation process about

the future direction of the company. Similarly, the majority of employees cannot contribute to organizational transformation.

If the principle of modesty and *hanxu* (the implicit) is applied in human management, the company cannot maintain and fully develop talented people. Diverse opinions, feelings, and ideas cannot be explored in the process of decision-making. Bosses tend to select family members and those who are *tinghua* (obeying what they are told) and modest. The value of diversity is ignored.

Fei (1992) and Smith (1897) both discuss the selfishness of Chinese people. The selfishness cannot be understood well if it is not put into the larger social context. Fei (1992) suggested that the self has different meanings in the context of family, community, or social circles. Many companies still limit core activities to their own family circle, prefer to have family members of the owner occupying the key positions. As a result, recruitment tends to give preference to insiders rather than outsiders (Lee, 1995; Redding, 1993; Tang & Ward, 2003). In Quanzhou, in the early stage of entrepreneurship the concern of the founder is often about the person rather than the idea. Trusted people are more important than the project or industry. Entrepreneurs emphasize the importance of selecting potential successors. "Carrying on the parent's cause" is the widely adopted inheritance model. The founders, senior managers, and core groups of a Quanzhou company are most likely to be family members, relatives, or close friends.

It is noted that a few managers, such as the opinion leaders, have shown their wisdom in applying the principle of harmony between human and nature (*tianrenheyi*), by valuing the oneness of employees, firms, and the external environment. *Wuxing* (the five elements) leadership is an example of the application of traditional values in the

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management setting. Chinese culture emphasizes that kindness, righteousness, propriety, wisdom, and trustworthiness are vital for the success of business (Chatterjee et al., 2006; Li, 2013; Liu, 2009; Rarick, 2008; Redding, 1993; Warner, 2014; Zeng, 2006). Although many Chinese people don't believe in God, they still like other people to recognize that they have acted with complete integrity and their conscience is clear. They believe that the five virtues should be strictly adhered to and should not be violated (Zeng, 2006).

However, the stories of war in China's history like *Three Kingdoms* and *Sun Zi's Art of War* create a sense of strategy for managers. It is deeply believed by some that counsel is in the heart of man. As many managers believe that the whole world is after profit, such mentality of strategy and counsel creates the reality of a business field that is full of suspicion and competition (Smith, 1897; Zeng, 2006).

In general, tradition is one of the stronger forces that have been shaping Chinese management, fundamentally based on "the rule of man" (Fei, 1992). The hierarchical structure of the family is applied in the organizational setting, where the head tends to have absolute power (Chen, 1922; Hofstede, 1980; Lee, 1985; Littrell, 2002; Wu, 1922; Zhang, 1997). By contrast, the Western way of managing tends to focus more on getting things done, looking at the evidence and facts rather than the person. Western management tends to criticize ideas rather than people; managers talk about actions or things, not the person.

5.3.2 Quanzhou Local Culture

Daring to struggle, daring to challenge, and love of gambling are characteristics of Quanzhou local culture, as some would claim. Managers, and especially owners, are more likely to take risks and engage in projects with high uncertainty. They like the

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excitement of the gamble, and the potential for gain. The ultimate purpose is to earn a higher return on investment, and doing it quickly.

5.3.3 The CCP's Values

From the government perspective, practicing socialist core values is the moral support of the Chinese people. Carrying out the Three Represents, Eight Dos and Eight Don'ts, and the Scientific Outlook on Development is essential for bringing all positive factors into full play and applying new forces to the great cause of rejuvenating the Chinese nation.

These values mean putting people first and aiming at comprehensive, coordinated, and sustainable development. They also stress the importance of building relations between human and nature, and providing resolution for an unharmonious society with a rapidly developed economy. However, to adjust industrial structure and to maintain economic development is still the central task of the CCP's policy, and is naturally aligned with the Scientific Outlook on Development (Lai, 2003; Zhang, 2006). The fieldwork showed that, instead of having the ultimate goal of developing society through the means of economic development, managers focus only on the process of economic betterment, and that this is in accordance with instrumental rationalization: they focus on the ends instead of the process.

The region is encouraged to conduct unprecedented experiments with financial reform and innovation, establishing a comprehensive experimental area for these purposes. The doctrine of pragmatism calls to mind the famous quotes from Deng Xiaoping—"a good cat should be good at catching rats" and "wade across the stream by feeling the way"—that vividly embody this methodology (Zhang, 1997). Quanzhou is an economic powerhouse embarking on "brave exploration" in its role as "first

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mover." Entrepreneurship and innovation are to a great extent influenced by Deng's theory. Entrepreneurs are encouraged to take pilot measures, which the leadership hope could be expanded to other regions if it proves effective and beneficial. The price they have to pay include worsening pollution and food scandals, and everything is done based on the premise that the earth is here to provide us with unlimited resources (Claesens, Rose, & Terrones, 2008).

5.3.4 Cultural Revolution and Political Movements

There is a widespread saying from Chairman Mao, "Fight with the sky, happiness is infinite; fight with people, the brain is more and more clever." With the strong impact of Mao's ideology, people's ideas are often shaped around the belief that fighting with nature would yield great benefit.

The idea of struggling, inherited from the dark period of revolution, continues to develop in the business field. Some entrepreneurs tend to have military thinking and use it to develop strategy. The typical contradiction and struggle within enterprises is between the owners and the professional managers. The struggle with external parties is more characterized by the wolf culture and aggressive marketing strategy.

However, in their gratitude for the government policy on economic development, some first-generation entrepreneurs seem to forget the struggles of the Cultural Revolution, and avoid talking about it if possible. They tend to take advantage of the reform and open-door policy and seize preemptive opportunities, with the goal of realizing material achievement. In order to maximize profit, they run their business in a more standardized and legalized way, focusing on the development of technology and the Internet, being pragmatic and ignoring *renqing* (sentimental connections) (Zhang, 2006).

5.3.5 May 4th Movement and Scientific Management

During the Enlightenment Period of the 18th century, the scientific method was regarded as the only way to acquire knowledge. Since the early 20th century, the scientific method has shaken the foundations of the traditional Chinese value system (Wei, 1991; Zhang, 1997). At the company level, scientific management has become the slogan of many managers. However, the spirit and values of science are often ignored.

After 30 years of rapid economic development, like most managers in other regions of China, managers in this city are well equipped and disciplined with the knowledge of accounting, marketing, finance, and human resource management acquired from the textbooks taught in MBA curriculums or from the consultants they invite to the company. The managers have been borrowing ideas from Western management theory. It is a major source of management knowledge for first- and second-generation entrepreneurs (Su, 1996). In the past decade, the new generation of managers have borrowed concepts from business schools and consultants, learning how to manage, communicate, and resolve conflicts. An enthusiasm for efficiency is often emphasized. Managers are unwilling to invest a long period of time in mastering a craft or in learning to practice the art of managing. What we can see from the fieldwork is a propensity for taking shortcuts and making shortsighted decisions with instant effect such as IPO.

When I talked to managers, it was not uncommon to see management practices and business operations still emphasizing the principle of "Chinese body and Western usage" to guide and promote reform (Zhang, 1997; Zhang, 2006). In Quanzhou, there is a rising fever for Internet plus and for introducing Western consulting companies for

management reform. It is highly accepted that scientific management is the way for enterprises to become larger, stronger, and generate more revenue, more profit (Li et al., 2011; Wang, 1995). Most owners believe that security will be assured when the improvement of economic efficiency and increase in cash flow are achieved.

The Internet is regarded as a new tool or an instrument for business people to get rich. It is much like the method adopted by Deng Xiaoping through the open-door and reform policy, which let a small number of people to get rich first. Similar to IPO, the Internet is a term relating closely to transformation, core beliefs, and wealth creation. Managers hold the view that by adopting this new instrument it will be easier to become larger and stronger, to earn quick money, and to have a sense of security.

Technological development might change managers' way of thinking. However, the values and underlying assumptions behind technology are seldom challenged by the Chinese managers. Instead, the managers seem to be more dogmatic about technology application. Once they adopt the Internet strategy, the values embedded in the Internet has to be examined. For example, the Internet, to a great extent, requires decentralization and transparency. These values are implicit in the technology. The Internet is about the sharing of information, and only transparency can help in fulfilling this aim. However, the reason that many enterprises adopt the Internet plus strategy is not for transparency, but for bringing them more wealth by using technology as an effective instrument. Transparency is not at the center of managers' thinking.

To blindly follow technology development can also bring about changes in managers' way of thinking. For example, people use the mobile phone freely, forgetting that human relations will be reshaped by such technology. The MNC information system is being adopted in more and more enterprises, and the fundamental values are not

examined. Although MSP (Procurement Monitoring System) design is based on the idea of suspicion, many small shops are happy to adopt it, regarding it as their road towards modernization. MNC systems, standard operating procedures, and approaches are taken for granted by managers. Everything is based on the consideration of efficiency but the owners may override.

5.3.6 Economic Theories

Economic theory has great impact on modern management. Economists see the whole world through rational choice. One of the basic suppositions of modern economics is that the economic man behaves rationally. New classical economics theory holds that development is based on self-interest. When facing a moral choice, people tend to balance interests and do cost-benefit analysis according to the economic and rational pursuit of their own maximum welfare and benefits.

Over the course of human history, there have been different conceptions about human beings, evolving over time and in different societies. A theme that has always repeated in many societies is the "natural selection and survival of the fittest." The late 19th century saw the emergence of the doctrine of Social Darwinism, which holds that the struggle for life results in improvement because this allows for the survival of the physically and mentally fittest people. The biological phenomenon of "natural selection" seems to parallel the phenomenon of competition among enterprises in the field of economy.

Management has seen a similar evolution as well: a more human-centered conception of managing. However, Mintzberg (2009) argued that later theories are not based on the concept of the real or whole human, and they are following the paradigm of materialism. The result is rather superficial and the concept of spirituality is kept

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separate from the mainstream theory. The law of the jungle is applied in the business field, as managers believe that "nice guys finish last." The relations between the owners and the professional managers, between an enterprise and its clients and suppliers, and among business partners or employees all emanate from such fundamental conceptions. These phenomena that were observed in the fieldwork are based on the premise that humans are basically lazy and untrustworthy (McGregor, 1960).

In the fieldwork it was found that some owners only feel relaxed when employees report for duty during working hours. They are used to seeing a big machine running with efficiency and that is how they see an organization, with humans in it, should be functioning as well. The policy of *daka* (punch in) is implemented strictly. The owners would be very anxious when they can't see their employees around; and they also believe that they have to maintain a constant presence themselves. They are sure that employees will not take initiative or responsibility for their duties—in short, they will perform differently when the owners are not there. For their part, employees think that even if they work very hard, the boss will think they are lazy.

There is a lot of suspicion between the owners and professional managers, and continual games being played between these two parties. Superficially, managers work very hard. But they try to put in minimum effort and hope to get the maximum salary. Meanwhile the bosses want the employees to put in all their effort while receiving less compensation. The atmosphere of learning from peers or from one's work cannot be easily cultivated.

Terminologies constructed from economic theory or Western literature also reinforce the process of materialization. The language of economics has penetrated every aspect

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of our social life (Ferraro et al., 2005). Examples include *homo economicus*, shareholders' value maximization, agency theory, compensation, extrinsic incentive, and so on. The definition of management has to do with commanding, planning, and controlling, which have great impact on today's managerial practices. Many of these terms were originally constructed in the setting of the military. These examples show the power of discourse and how it shapes managers' thought structure. Quanzhou entrepreneurs tend to see such language as professional, and as sign that their business has become more modernized and internationalized.

According to Mintzberg (1989), professionalism is more directed towards power than learning. It is noted that managers in Quanzhou do not tend to respect people as a matter of course, but with many conditions and not much tolerance. They tend to flatter those who are more powerful than them, and from whom they want something. Once that dynamic stops, managers will ignore you (Gardner, 2008).

Undoubtedly, the purpose of enterprises in Quanzhou is profit making. Efficiency and shortcuts are emphasized. Reductionism and parsimony seem dominant in their thought structure. Maybe the fever for IPO is a problem of myopia—as suggested by Gardner (2008), the poorly disciplined mind is when people see everything through one discipline, relying on techniques rather than careful practice. As discussed above, the long-term domination of economic theories has trained people in a sort of mental fragmentation (Bohm, 1994), which fosters certain patterns and ignores other potentially beneficial mindsets.

5.3.7 Opening Door Era

The Cat Theory has special significance for the condensing and promoting of national spirit in the new period (Zhang, 1997). The theory was hoping to foster a more efficient

way of development. In today's China, people have lost their faith in most things, except their faith in money. The pursuit of self-interest has taken the place of traditional teachings. The effect of the Cat Theory is to actuate people's lower nature.

Economic development is happening too fast, resulting in the over exploitation of resources, in overcapacity, in the materialization of human relations, in *xiaoren* (person of low standing) rather than *junzi* (superior person) behavior, in the principle of subjectivity, in the exchange of power for sex and exchange money between officials and businessmen, in emotional insecurity, and in pinning one's hopes on transition (Marková, 2008; Wang, 2003).

5.3.8 Craze for the Chinese Classics

In a sort of new-wave craze for Chinese classics, which was flamed by key personalities such as Yi Zhongtian, Yu Dan and other scholars, traditional culture, and Sinology, they have been penetrating the Chinese society and are circulating within a wide range of contemporary discourses. Many managers agree that this phenomenon is actually a reflection of the lack of spirituality in people's intellectual life. In this void, there is room for a cultural nostalgia that has nothing to do with management and business. The doctrines, values, spirit, and practices from these teachings are often recited in peoples' conversation and formal discourse but are seldom applied in daily management these days.

5.3.9 Overseas Chinese Businessmen

Some of the themes from my project can also be found in the thought structure of the Overseas Chinese businessmen, including survival, family, and security. First, from childhood they are taught to stand out among people. In order to survive they adopt the principle of *pinbo* (daring to struggle), and strive to establish social networks,

especially concentrating on trust building through long-time relations. Their purpose is to glorify the family. Secondly, by adopting paternalism, most of them implement the conception of traditional family into their business (Redding, 1993). Most of the owners, similar to the head of family, were inclined to make major decisions which prioritized the interest of the whole family. Third, both overseas businessmen and Quanzhou mangers have the same experience of insecurity. It seems that insecurity is a part of Chinese culture. However, some qualities of overseas businessmen such as being extraordinarily hard working, giving first and gaining later are not readily found in Quanzhou nowadays.

5.3.10 Learning By Doing

Learning by doing is the characteristic of first-generation entrepreneurs (Su, 1996). Some older Quanzhou entrepreneurs I met stated that they didn't have any source of knowledge regarding management. They strongly believe that true knowledge is only generated from practice and experience. Practice can improve one's ability and earn the company a profit. However, for those who cling tenuously to this established habit in today's business environment, they would be depriving themselves of the opportunity to gain new insights from diverse sources of knowledge.

5.3.11 Business School Education

In order to run their business in a more scientific and efficient way, and to seize the opportunity for fast development in the capital market, the majority of my informants had taken one or more business courses in recent years. However, the teaching provided in business schools, whether in MBA or EDP programs or in other courses they offer, seems to reinforce a dehumanized style of enterprise management (Drucker, 1998; Freire, 2004; Mintzberg, 1989; Warner & Goodall 2009). Education and training

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tend to focus on the technical part of employee development. Technical knowledge in accounting, marketing, and human resources forms the core of the business school curriculum (Zheng, 2013). Collaborating, reflecting on the experience and sharing the insights with each other are often ignored (Gosling & Mintzberg, 2003).

5.3.12 Other Regions

Similar to Quanzhou, other regions in China are in a transitional stage of development. Not surprisingly, similar conceptions, values, beliefs, mindsets, and ideals can be found in these regions as well (e.g., Cao, 2011; Osburg, 2013). And hence, the managers in Quanzhou and in the sister zones are probably involved in a process of learning that might best be described as cross-pollination of ideas and practice, they are influencing each other.

5.3.13 Summary

The managers in my study are exposed to a variety of sources such as tradition, and religious and scientific knowledge. The fragmentation of such sources shapes a fragmented mind. The fragmentation of mind creates the fragmentation of management. Managers tend to have different attitudes towards their family members, employees, officials, friends, and business partners. It is seldom that they apply one coherent principle in all areas of their life.

A lot of diverse questions regarding the impact of these sources on managing have to be contemplated by thinkers and managers. For instance, what is the meaning of MBA education? Which part of managerial thinking and behavior is influenced by the MBA curriculum? What are the inspirations or influences generated from business education? Is a sense of responsibility invoked by the China Dream? Are managers practicing the faith described by China's leadership? Can anything be changed? To what extent could

managerial reality be changed and influenced by the paradigm of socialist core values? How can faith be awakened, as among CCP members in the old days? Are there any new forces being generated in the current craze for Chinese classics?

5.4 The Current Reality of Management

From the findings we are able to read the reality of Quanzhou managers' intellectual life. The black box has been opened, the deepest sources diagnosed, and relevant questions answered. In this section, the three levels of Quanzhou managers' intellectual framework will be further analyzed. Areas for improvement or suggestions for managers in accordance with ongoing trends will be discussed. Possible sources of knowledge and frameworks to deal with the transition will be explored. The aim is to provide a developmental view of the process of transformation in Quanzhou managers' intellectual life. The investigation can hopefully enable managers to understand the transformative nature of their intellectuality, and foster the realization of their latent potential.

5.4.1 The Nature of Transformation

China is in a period of transition and Quanzhou city is by no means an exception. Currently, the intellectual framework seems to be manifested in a cultural context that focuses more on competing and self-presevation. In a culture of contest, managers are less concerned with the evolution of human civilization than with the vision of building a 'common wealth community'. Instead, entrepreneurs and enterprises focus more on the present and those that can deliver instant effect. Regarding where to go, most of them are not very clear, and are in a state of insecurity and confusion. Wang Lin, a Chinese qigong master, first became famous in the 1990s. He might have met Ma Yun and other famous persons, who are rich but need to believe in something to take care

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of their inner life. Similarly, managers sometimes feel powerless, helpless, distracted, and less confident, as the future is unknown. As a result, many people turn to the so-called masters. They believe that masters can help in giving them a clear direction. They rely completely upon the master's interpretation, as they don't believe in their own thoughts. It is like a traditional funeral in a Chinese village; due to the lack of knowledge about life and death, people entrust the funeral arrangement to the care of the master of rituals. If a person is not able to think independently, he or she leaves the matter entirely to the master and lets the master interpret the situation as he wishes. Without questioning, they follow the recommended procedures and rituals completely. People accept that in this situation they have to invite a master to direct the process, as nobody knows about death except for the master.

This is a moment when faith takes over; especially when people are facing grief, fear, or helplessness, they turn to those they believe know what to do. Why do they believe this? They see that so many other people are showing their faith in the master, and hence they become one of the believers as well. They are most comfortable letting the masters hold the whole power, as they believe that they themselves do not possess certain knowledge which the masters have. The unknown brings panic and people may grasp at phony solutions. In like manner, managers' thought structure and pattern of behavior tend to be guided by certain cherished attitudes and habits, widely accepted practices, theories, conceptions, and doctrines. Managers' fate seems to be in the hands of these masters, the orthodoxy.

In order to deal with changes in the organization and the external world, there is a need for more sources of knowledge in order to form coherent thought structures, which seems not to be the case in the current situation. If the shift from a business atmosphere full of insecurity to a state of peace is to be achieved, and managing is to

be more effective and efficient and attuned to the external world, how should managers proceed? If individual and collective consciousness is to be raised, and managers are to transform, to think outside the box, what are the new sources to be?

First, in order to release the power of constructiveness, managers need to have more conscious knowledge to develop their intellectuality. Diversity in intellectual frameworks is key to coping with the change. In fact, diversified intellectual frameworks are perhaps the reflection of the degree of change they are going through.

Second, the direction of thoughts has to be set by an appreciation and understanding of the forces operating in the present order of management. The development of the intellectual framework cannot be likened to pouring water into a cup, which needs a way out, or a direction. As Bohm (1994) pointed out, the root cause of today's societal problems is the fragmentation of thought. Einstein (1946) also expressed the same idea that the problem can only be solved from another consciousness level, rather than from the same level of thought that created it. The findings from the fieldwork indicate that the unbeneficial thoughts and fear are constructing the realm managers inhabit, with no other ambition than to passively have a material life.

Third, a common vision shared by a group of managers is vital in this process. Chinese management is now in a new stage of its history. Chinese managers have to create new standards, new capacity, and new aims, consciously, actively, and attentively. To be able to transform oneself and contribute to organizational and societal transformation is an opportunity for managers. Whether as individual managers or at the organizational level, there is a need to cultivate an atmosphere of enriching and expanding the intellectual framework.

5.4.2 The Present Order of Management

Managers in Quanzhou do not seem likely to be aware of the connections and the inter-being nature between the deepest sources and the visible order of management. In order to understand the dynamic nature of managers' intellectuality we can ask certain questions such as, Why is there insecurity? Do managers like to be in a state of anxiety? What is the logic behind this? What's the whole story about? What is the mechanism operating behind the whole story? How deep should managers go in order to understand various management problems? Which parts of the driving forces should they reject and which parts to be retained?

Further, the habit of reflection is actually another key element. Where are we now? What are the strengths and weaknesses from our past experience? What are the next steps? Where do we want to go? Why I am here? These questions are helpful for managers to make a plan to enhance their ability to diagnose the root causes, explore the fundamental principles, bring to bear relevant experience, identify remedial steps, and assess progress.

5.4.3 The Visible Problems of Management

Anxiety

As indicated by Fan (2011), this is China's new age of economic anxiety. The six themes in Quanzhou managers' intellectual framework are reflecting a reality based on fear and competition. There is a culture of fear—fear of failure vis-à-vis competitors, fear of disloyalty on the part of management team and employees, fear of financial crisis, and fear of losing market share.

These themes are different names to show the data and tell the story. Deficiency is obviously reflected in themes such as survival, insecurity, and suspicion, which are destructive by nature and can be observed in management practices. Family,

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transformation, and *renmai* (human relations) are other themes that need to be explored further for a better understanding. The defective order in business is somehow connected with these stories. In management practice, managers are often confused and anxious due to a lack of knowledge of the real causes.

In Quanzhou city, trust cannot easily be built among owners and professional managers, superiors and subordinates, enterprises and their suppliers or government officials. The major concerns of entrepreneurs and managers are about how the enterprise can become stronger and larger, how the family can have good fortune, and how to obtain a sense of security in an environment with severe competition. Due to the rampant materialism in our society, practices such as staff turnover, performance appraisal, and motivation tend to be based on the principle of natural selection.

If managers' mind gets in the way of the natural flow of things, it is more likely that management problems will be viewed in a superficial, incomplete, and inaccurate way. The majority of informants are unconscious about the effect of the deepest sources (Schein, 2004), and know little about its existence, formation, evolution, outcomes, and implications. They tend to expect that their current frameworks are able to solve their problems, using precisely the same subconscious forces that created the problems in the first place. Hence, many informants are in a state of stress, confusion, and anxiety due to fragmentation and incoherence of their framework.

For example, for a professional manager to take the view that the conflict is the owner's fault rather than being generated also from the deepest level of his own thought, will bring about suspicion and insecurity. What they think to be true is only an opinion subject to investigation, which is created by knowledge stored in their memories. As Abdu'l-Bahá (2014) says, "Know therefore, that what the people possess

and believe to be true is liable to error . . . it is clear that man does not possess any criterion of knowledge that can be relied upon" (p. 345). By contrast, when they realize that everything springs also from their deepest sources, they are more likely to learn both peace and joy.

Without such a realization, their current way of thinking and behaving is somehow fragmented. If management and organizational policy focus more on competing and manipulating, most of the managers' energy will be directed to fixing the unsafe situation. The war for talent, aggressive financial strategy, and marketing competition will continue unabated. Stress, insecurity, and anxiety will follow, as the solution is only directed to the problem on the surface. If managers continue to emphasize competing rather than cooperating, mistrusting employees rather than caring for them, and separating rather than integrating with the environment, they are more likely to face difficulties of market and talent loss, shrinking profits, and cash starvation. Focusing on the material dimension and self-image is more likely to bring about problems, chaos, suffering, and disease (Senge, 2006). In the material world it is impossible to have all the desires met, so there is an inevitable contradiction between infinite and finite greed. This contradiction puts managers in a constant state of anxiety, which does great harm to their mental health status, further compounding management problems.

Going further to seek solutions

As managers don't know how to bring up issues, problems, and puzzles that challenge them, or how to help themselves to think through ways of interpreting these problems, they seem to be walking a dark path, which needs to be illuminated by higher understanding. Hence, efforts to overcome problems need not only material means,

managers need to go further to seek solutions. The apparent deficiency in the business field somehow suggests that there is something else managers may need, to help them move from a dark room to a room full of light, reconnecting them with harmony. Like blind people suddenly acquiring sight, everything gains clarity. There are some conditions that might be helpful for gaining such understanding.

The first step may relate to knowledge about the reality of human existence. Through the understanding that "the reality of the human is his thoughts," managers will be curious about their own thought structures and be eager to look more deeply into them. Undoubtedly, the human body shares characteristics of animal functioning such as instincts and appetites. It is not uncommon to see humans behaving like animals. Aristotle had it exactly right 2000 years ago: "We are what we repeatedly do." But as managers, they have to know that there is a thought structure that is influencing them, and there are different elements in this structure. To develop new dimensions would enable them to be more conscious about the root causes of problems near the surface. Compared with animals, humans have the possibility to restructure their system of consciousness.

Further, it is essential to realize that this is a useful tool by which managers are able to consciously reflect upon their managing (Zohar, 2004). A good violin player without a good instrument cannot convey his music to the audience properly. An average violin player, however, with a very good instrument, can express himself in a more meaningful way. In like manner, managers who recognize that the reality of their life is in the thought rather than the material body will be able to use this good instrument. They are more likely to be in a state of mindfulness and possess the quality of compassion rather than being anxious about solving the visible problems (Senge, 2006).

The deepest sources

Managers need to look at these practices, conventions, attitudes, and habits, and think about what to replace them with. Individual managers have their own unique perspective on human nature, human relations, and social reality—all of which create problems. The majority of them attempt to use this perspective to attempt to solve problems (Bohm, 1994; Senge, 2006; Zohar, 2004).

Efforts to overcome problems need spiritual as well as material forces. To be able to look at these sources requires that managers' intellectuality is not solely occupied with the material dimension. Instead, the assumption should be made that the relation between self and others is cooperative rather than competitive. Like the relations between right and left, without left there will be no right. The nature of relationship is inter-being. If managers understand that the causes of their anxiety are materially driven, and can be reshaped through introducing spiritual forces, they will suffer less. At the same time, they are able to help their boss or subordinates overcome similar problems. The precondition is that they realize that they cannot just "be," they have to inter-be.

Besides financial performance, managers' attention should also be given to the development of intellectuality. These two aims are not in conflict but interconnected. For example, the enterprise's cash flow status will be improved by providing better products and services, and a healthy financial situation can be achieved as a result of implementing a mission and vision to serve society. Once this insight is gained, based on the consciousness that the human being potentially has a higher nature, the motivation should reveal itself in forms and phenomena of development, including the approaches adopted.

As the framework is growing, it is possible for cherished habits to be replaced by positive equivalents. As the management system is developed for employees to build their capacity rather than compete with each other, Senge (2006) and Zohar (2004) remind managers to develop their capabilities of compassion and loving kindness, to purify their mind, to replace their confusion, anger, and tension with mindfulness, concentration, and insight. The paradigm shift is to promote a healthy business, not to seek only superficial solutions. It is to unfreeze destructive sources, rather than focus on negative phenomena. For example, to trust professional managers the owner is just demonstrating the principle of oneness, and to suspect them seems to be driven by the conception of self-interest. If managers develop their trust the suspicion will disappear, because there is no room for trust and suspicion to live together. When concerns for personal fame, profit, and power decrease, management behavior will be more coherent.

It is a process that seeks clarity, understanding, and raising consciousness through challenging the deepest sources of intellectuality. Here, one sees familiar things in new ways. The new understandings about environment, competence, and mission of the enterprise will better fit reality and one another (Drucker, 1994).

5.4.4 Structural Levels

It is not credible that the structures themselves are sound, and managers' habits, attitudes, and practices simply need to be improved. In the business world, competing, controlling, and manipulating have become normal phenomena. Something must be wrong in the social and economic structure, which is just like a dark room where managers don't know why they cannot work well, why they hit so many walls. They don't even know there is a shortcut between the bedroom and the kitchen. In the

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competitive business field, insecurity exists when managers have erroneous perceptions shaped by such structures.

Managers need to go further to identify the defective structures that hold the present order of management together, and think about what is to take their place. To some extent the problematic social phenomena teach lessons, presenting a reminder for managers to look for something deeper. The defective management practices are somehow the victim of the whole culture, societal traditions and values. Managers learn from these deficiencies. If they have a chance to see the forces operating in the present order—including but not limited to *homo economicus*, Theory X, Maslow's Needs Theory, the military language, the conception of *gerenzishaomenqianxue* (each one sweeps the snow from his own doorstep), and the Cat Theory—they will have a better understanding about what is driving the anxiety. These theories, policies, and strategies seem to have been co-created by people over the long history of humanity who have fragmented thoughts. If the vision of the organization is to be clarified, if businesses are to be run in a more healthy way, and if management practice is to make sense, there is a need for huge understanding to remodel the structure (Weick, 1995; Zohar, 2004).

In order to cope with the transition, with the aim of transforming to a potential frame that reflects the core values of a human community of shared future as defined in the Chinese dream, there needs to be an entry point. But where is it? We can imagine that, currently, for managers to realize the collective oneness, promote real justice, advocate cooperation and reciprocity, put capacity building of managing at the core and with material means as periphery, and foster an environment for reshaping the social structure, would be a complex and meticulous task, a formidable challenge requiring

unimaginable efforts, both individual and collective. As a consequence, an organic change in the structure of present management is urgent.

To look into the structure means attention should be given to the entire system of management, the restructuring of economic life, and culture that deals with human nature, freedom, authority, privacy, justice, and so on. With this aim, managers also need to move beyond the simple narrative, such as the belief that simple pursuit of a good cash flow, sound accounting, marketing, and human resource system, strengthening finance techniques, completing social responsibility reports, ensuring equity and fairness, providing work and life balance, or improving emotional management, would give solutions to the current problems. All social, economic, and cultural ideas related to the six themes needs to be considered. This body of thought has been shaping management practices and is still producing the effect. Managers' time and energy must be directed to consideration of future structures and how to build them—which is far more intellectually challenging than addressing problems near the surface.

5.4.5 The Intellectual Foundations

If competition, suspicion, and anxiety pervade the business field and management practice, we cannot merely think that the ideas and assumptions that underpin thought are sound, but must give rise to somehow problematic structures—or just that the wrong management teams are applying knowledge. The problem is rooted in the foundation of managers' thought structure. The healing power is also in that foundation.

Problems and its root cause

For most mature organizations, the traditions, practices, habits, way of doing things, and style of management constitutes its strong culture, nurturing the pattern of

managerial behaviors (Drucker, 1994). As the business becomes successful, especially in the early stage of opening and reform, entrepreneurs in Quanzhou increasingly take all this for granted. At this moment, they stop thinking and questioning. When they run a business they tend to feel the need to be number one, to protect the self, to compete, to excel, in hopes of becoming an elite. Many managers want to be distinguished for their financial performance, but often things don't turn out the way they would like, as there are many things they can't control. Most entrepreneurs are likely to have suffered from financial difficulties, or indeed from hunger, in their earlier days. If they do not feel competent enough to play the role of a successful businessman, then there comes a sense of insecurity.

The visible problem is not the fault of managers, as they are just a part of the fuzzy system. Many managers tend to adopt, implement, and passively apply certain conceptions or principles to their daily management. The deepest sources are manifested in the different styles of managerial behavior. Confrontations, conversations, experiences, practices, and situations are constantly generating images as well as the whole structure.

For some, fear of the consequences causes anxiety. Managers may interpret many management problems from a traditional perspective. If they think their insecurity is due to technical problems, they seem to suffer more. They don't realize that it is the driving forces that make the decision, and they behave accordingly. If they don't have a chance to look at the deeper level, they will not find natural antidotes to emotions that actually are destructive to the inner well-being. It is a self-perpetuating process, curing the symptoms, not the disease. Rebel forces always come into play in the deepest level of their thought structure. Decisions are made before consciousness

makes them. As the information processing is not aware of this, people behave however the driving forces decide.

Memory and knowledge system

Perception itself is a consequence, as managers see what memories see. Memory is a set of deeply buried gene-codes. We could imagine that carrying divergent gene-codes, different people would make different choices under the system. Memory is a reservoir of feelings, which can irrigate the most infertile wasteland into farmland, but can also flood over everything through the dam of morality, turning farmland into mass graves. Memory is the deepest source—very, very hard to learn—which demands wise choices and delicate handling.

The intellectuality of management is molded by the social structure and is concurrently shaping the structure, as framing is considered to be a process of mutual interdependent co-constructions, rather than individual knowledge structures in isolation (Dewulf et al., 2009). Diverse conceptions of managing circulate within a wide range of modern age discourse in academic and industrial areas. Such conceptions can shape important aspects of organizational reality, from individual behaviors to organizational relationships and managerial rationales. Social and economic structure is the product of its knowledge system, which is an educational process.

The knowledge system cannot be changed automatically, as it is not built within a day, but through long-term accumulated social experience, education principles, and family and social life. The DNA, traditions, and habits probably had existed for thousands of years. Managers tend to connect incoming perceptual information with these frames, as a part of reasoning, which is given by memories.

For example, from the time kids are very young they are taught in the family and in school to compete against the best. They may entrap managers and impede their ability to be in a state of mindfulness. In daily life, managers have to play different roles in different social spaces such as business, family, friends, and others. They are taught to behave properly, in all these areas, in accordance with the conception of filial piety, *wulun* (the five cardinal relations), and the purpose of glorifying the family. There is a strong belief that one must be distinguished from others. The pursuit of distinction depends greatly upon wealth, to be more affluent than other people. It is taken for granted that scientific, commercial, and industrial distinction is the purpose of life. The entire culture teaches people how to compete, dominate, control, and manipulate. As a result, managers think and behave in accordance with these experiences, old stories, and habits. Therefore, the pursuit of financial freedom and *zhuanchi* (to work for money) seems essential. These structures are based on the premise that the human is fundamentally materially inclined. With such reasoning, insecurity will never ever leave managers alone—it follows them like a shadow and they cannot escape. As Goffman (1974) put it, human beings live by inference.

The policy of an organization and its way of managing are essentially part of such systems. Morgan (1986) describes the idea that "organizations are ultimately created and sustained by conscious and unconscious processes, with the notion that people actually become imprisoned in or confined by the images, ideas, thoughts, and actions to which these processes give rise. The metaphor encourages us to understand that while organizations may be socially constructed realities, these constructions are often attributed an existence and power of their own that allow them to exercise a measure of control over their creators" (p. 207). Managers seem to overly rely upon pre-existing frames, which are suggested as important sources of failure, especially in the context

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of unprecedented changing circumstances, where alternative concepts are needed (Benner & Tripsas, 2012). If the framework is to be changed, these larger cognitive frames need to be investigated in terms of how perception and behavior are guided (Starbuck, 1983).

Therefore, it is crucial for managers to understand the limiting nature of their knowledge structures, the functioning of driving forces and their implications in problem solving, such as management transformation, business downturns, new competitors, conflict, suspicion, sustainability. It is also vital for managers to realize that the insecurity of managers or the defective order in management is not the problem in and of itself but the effects, the consequences of driving forces replaying in the subconscious mind. As a result, they are able to describe the reality in a more systematic way.

Language

Language is shaped by the deepest thoughts and meanwhile shapes management behavior. Language cannot be separated from a broader institutional setting or the structures of experience (Benner & Tripsas, 2012). From the surface structure of language, we can diagnose its deeper assumptions (Schein, 2004). A few words can change the reality (Cooperrider, 1986). For example, if a student says, "I am not good at math," he or she hates or fears math. Gradually, he becomes a layman of math. While language from the military such as command chain, task force, control, manage, supervise, monitor, competition, winning, and top performance is applied in an organizational setting, a reality is created by these terms. Such language seems to cause a state of insecurity. The past, traditions, and society don't teach a healthy management style, as language often focuses on problematic aspects such as internal control,

competition, monitoring, ranking, and command. The language penetrates into the intellectual life of management, and an atmosphere of tension, pressure, and anxiety is created.

The direction of management thoughts in Quanzhou, focusing on wolf culture, seems to be set by an understanding of military language. With a competing mindset, the potential of courage, justice, humility, hardship, and perseverance cannot be developed, as images shaped by military language have become the obstacles. Similarly, the use of language in some Quanzhou enterprises, either from economic theories or from traditional proverbs, creates a reality that professional managers are untrustworthy, employees are only working for money, extrinsic factors such as promotion and good working conditions are emphasized, owners tend to look for employees who are *tinghua* (obeying what they are told), and employees who let the *toujia* (the boss) make the final decision. Some language is derived from the paradigm of materialism such as to be stronger and larger, playing capital, strategy, marketing, and so on. Other terms are from Chinese traditions such as *yangjiahukou* (bringing home the bacon), *toujiapaiban* (let the boss make all the decisions), and *qinjianchijia* (to be industrious and thrifty in organizing one's family). On the one hand, language from theory is instilled in industry. On the other hand, language applied in managerial practices affects academic research. These two fields interact and support each other. Both of these fields shape the managers' intellectual reality.

Investigating into the deepest sources

As such, intellectual preparation for the transition in this region requires change of certain patterns, actions, assumptions, ideas, assertions, values, or method. It should start from creating a new mind. Investigating into these sources is a way for managers

to understand themselves better. Then, consciously, they could adapt their framework to a condition which is ready for transition. In this way, managers are able to look at the roots of the visible problems, structures, and behaviors, and carefully examine the intellectual foundations of social, economic, and cultural thought.

In current management systems, the rationale behind claims such as "money is the foundation for survival," "wealth will bring more safety," "happiness comes from sensual pleasure," "always stay on guard and protect yourself," and "doing business should not show weakness" are to be investigated. The connection between material possession and happiness, earning more money and living a better life, profitability and the impact of business, strict monitoring and better employees performance, compensation schemes and performance of the management team—all these relations are to be explored. As the result of such exploration, the real purpose of managing and the nature of transformation can be clarified. Thus, the dysfunctional nature of organization will be changed gradually by overcoming the rigidities of existing knowledge systems, and shaking the old values in the intellectual foundation.

The Continuum

However, managers must move beyond extremes such as claiming that all of the traditions, habits, conceptions, and theories should be thrown out, or positing that questioning intellectual foundations is anti-tradition. Human consciousness displays complexity (Zohar, 2004). Managers' thought structure has the characteristics of continuity and change, growing organically rather than being static.

The endeavor of management transformation is not to reject the traditions, theories, conceptions, ideas, methods, assumptions, assertions, and values completely. On the contrary, like grand theories in natural science, some of social, economic, and cultural

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thought that is appropriate for managing presently has to be retained. Managers have to bear in mind which parts of these sources they should keep, and which they should cast away, a process which needs rational and careful investigation rather than emotional and mental criticism. It is not possible to make all the sources new. Also, it is not wise to go back to the collapsing business field to seek the solution. This requires both scientific and intellectual rigor and spiritual perception.

The changing thought structure is manifested in a continuum of certain themes, either staying as it is or being adjusted. Managers need to go deeper into the dynamic of the intellectual life of management. That is why the attempt of this study is to describe this process, at a historical moment, as one possibility to look at. These themes are like a continuum or a thread with two ends, progressing from one to the other. Managers may choose to challenge the root causes of certain themes, make clear the deeply ingrained driving forces, enable the new knowledge to come in, and become more capable of discovering the root causes of the problem (see Table 5.4).

Table 5.4: The Continuum

A sound system	The continuum	A defective system
- Peace and joy	- A new way to diagnose the problem	- Use competing mindsets to solve the current problems
- Accompanying, sharing, collaborating	- Less competing, more collaborating	- Competing, manipulating
- Human is essentially spiritual	- Human needs to be more spiritual	- Human is essentially self-interested
- Sound foundation (spiritual capital; Zohar, 2004)	- Weakening the cherished conventions, by introducing new sources of knowledge such as spiritual capital	- Deficient foundation (*homo economicus*)

Conceptual and existential knowledge

Direction guided by a new perception is also needed in this process. The responsibility and the function of the conscious mind, the analytical functioning of the left

hemisphere, is to initiate the challenging and questioning, and to care for the subconscious. However, the conscious mind is often clueless as to what memories are replaying in the subconscious. It is most likely that existential knowledge provides inspiration for the requirements of harmonious relationships and healthy business. Reflecting on the sensing/intuitive dimension, Mintzberg (1976) suggests that the human brain is better at imaginative overall control in the right hemisphere where intuitive knowledge occurs. The unconscious right hemisphere, which identifies managers as holistic and intuitive thinkers, seems to be helpful.

To examine the past conventions, practices, memories, doctrines, and attitudes is like learning to paint. There is a target composition for the painter, which he is yet unable to fully understand but which provides a new way of thinking, new insights, and new inferences (Benner & Tripsas, 2012). The new composition appears when painter's self-identity is erased. People think that a good painting is the result of the painter's skills from his conscious mind. But this is not the case if we take a further step to look at the foundation of the thinking. Inspiration is the new sources of knowledge coming to the artist as a result of erasing the self-images. At that moment, something sees, feels, behaves, and decides as the inspiration of an artist—a new source of knowledge sees, feels, behaves, and decides.

To make a change

If not explored and challenged, the subconscious operates like a fuzzy logic system, which is the key in building a sense of self-identity, as it is suggested that frames and identities may be interconnected and even mutually constitutive (Creed et al., 2002). Fuzzy logic systems often condition managers' choices for sensemaking and their sense of self-interest (Thornton et al., 2012). If attention is given to this deeper level,

the subconscious can become an ally, erasing the self-images. Through the process of reflection and continuous dialogue, some elements are kept and others cast away.

As the vision of a new order is not built on thin air, managers' intellectuality needs to be based on the intellectual accomplishments of management in its early stage. Some of these dimensions will still remain at the core, whatever happens. These dimensions can be likened to the skills of reading, writing, and arithmetic in the life of an individual as a child. I assum that, for example, the traditional spirit of family—unity, caring, loving, supporting—which is instilled in the Chinese mind, will still be a main driving force in solving management problems.

The change needs to also advance beyond the fairy tales that were part of humanity in its stage of childhood, just as the playthings of childhood and infancy no longer satisfy or interest the adult mind (Arbab, 2016). Other supplementary dimensions, for example suspicion and insecurity, may need to be changed. Reflection needs to be made upon which conventions, social theories, methods of management, and conceptions of work, justice, freedom, and authority are playthings, and what is to replace them.

However, attitudes are hard to change, as they are formed with cognition, emotion (sentiments), and habits of behavior, bringing humans so much joy and excitement, like the fairy tale for a child. Therefore, once a person's attitude is formed, he or she is resistant to change. Any efforts made to break such resistance bring about resentment, fear, or anxiety. Therefore, the change of habit needs to change the will, the old habits, or deeper motivations. This is really the case for the adult, who has a relatively mature self-identity.

To examine thoughts and conceptions, deciding which are to be expanded upon and which are to be cast away, is an even more formidable challenge, as it is often a real struggle for individuals to wrest themselves away from their existing knowledge structures (Benner & Tripsas, 2012). For example, the professor I met at a conference in Hong Kong takes the view that there is nothing wrong with businessmen pursuing wealth and fortune as their sole objective in life. He suggests that we need to encourage them to focus more on competition and earning money. According to his rationale, in the business field there is nothing more important than such desire and intention, which he thinks is the real spirit of business. Managers' ability to compete and penetrate into the market is vital, as "in business, it's every man for himself."

The pursuit of financial freedom and material achievement is somehow questionable, that is, moving away from the true purpose of business. The real enemy in management is memories replaying. For example, the financial difficulties and economic crisis are the results of a mentality that puts money and survival as first priorities. Therefore, it is crucial and urgent to build a right relationship, to have pure purpose, and not to go into judgment of good and bad by comparing the performance of this year and last year, or competing between this company and that company.

There are possibilities of change in the sources of thought—for example, from a mentality of earning money to the mind that sees money as but one dimension of many aspects in their life, from self-interest to reciprocity, from a contest culture to an atmosphere of cooperation, from protecting family to seeing family as building harmonious relations by bringing about happiness, from negative to positive, from suspicion to trust, and so on.

Here we should make clear some examples of accomplishment and playthings of management. To run their business in a more pragmatic way is one aspect of current reality, as managers believe that what is beyond the material is intangible—that which cannot be verified or measured directly. For example, life after death and the existence of a higher nature are not easily verified. In order to realize the latent potential of the human, however, the precondition is to transcend the doctrine of positivism and the domain of the physical, which emphasize to an extreme the idea of verification and the concept of experimentation. A more coherent framework can only emerge when managers strive to develop a rational and mature understanding of the relationship between the material and spiritual dimensions of managing. Some concepts of scientific management and certain economic theories will advance and continue to contribute to the prosperity of business and management, if they are not corrupted by competition and desire for prestige. On the other hand, rampant materialism, the doctrine of natural selection, the concept of *homo economicus* are fantasies of childhood, which ought to be rejected.

In sum, by listening to the stories of different thought structures in Quanzhou, we can see how people tend to seek solutions from a technical perspective. For example, there are speculative elements in Quanzhou enterprises' transformation, and the impact of which is also drawn out from the fieldwork. To initiate change, we need to go further and examine those false theories and doctrines in managers' intellectual foundation. They are the real cause of the problems, manifesting in a state of incoherence and dichotomy. Thought structure is undoubtedly built on traditions, old practices, ideas, and conceptions, which are reluctant to change. However, the way of doing things is changing, and the deficiency that is inherent in the system would constantly emerge. The challenge has to be examined in light of the mission of management to transform

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the individual and the organization, just like a human passing from childhood to adulthood. The playthings of childhood in the organizational intellectual life have to be thrown out, as they no longer fit and satisfy the adult mind of management. The following section will explain more about such playthings of management in Quanzhou city and some possibilities for thoughts to replace them.

5.5 Some Management Practices

5.5.1 To be larger or to produce high quality products

It's the rags-to-riches stories that inspire many Chinese people to decide to do business. Many entrepreneurs cannot easily forget the memory of their poor childhood. That difficult time is deeply instilled in their mind—the starvation, borrowing money, and sleeping on the floor. Many entrepreneurs think often about the old days and the suffering of family and nation, with a strong feeling attached to the traditions. To glorify the country, ethnicity, and the doctrine of governing the earth (*tianxia*) is still valued by many business leaders in Quanzhou, especially those of the older generation.

Old memories cannot be easily erased from managers' minds. Wang Qi feels guilty about wasting food, Chen Xing still remembers pulling the old jeans from the sea, Wang Jianlin is shocked by the prosperity of Hong Kong, and so on. All of these become strong driving forces for managers—to pursue a stronger and larger business. Many entrepreneurs set the goal to be number one in the global market. And many see mergers and acquisitions (M&As) as a primary means for them to become larger and stronger.

However, this process is not all that comfortable for entrepreneurs. Many of them are worrying about cash starving, weak management, and the lack of innovative spirit. A way to look at the deficient and moribund order on the surface of managing is to go

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further into the foundation of thought. As Leijun, the CEO of Xiaomi, put it, while managers are enjoying the success of entrepreneurship, they need to consider whether the matters they are anxious about are important or not. He thinks that it is unworthy to worry about the growth of revenue, as the matters that make them anxious are not always the most important ones. In ordinary thinking, it would be impossible for an entrepreneur to ignore the KPIs. However, some enterprises believe that concern about sales targets will have a negative impact on producing high quality products. *Tongrentang* (a Chinese pharmaceutical company) has over 300 years' history. Its managers only concentrate on producing high quality products, only using the best materials. They don't have the popular mindset of managing—"what is the sales number for this year, and next year." As suggested by some scholars, to earn a profit is not the only purpose of a business (Senge, 2006; Zohar, 1990). Oxygen is surely important for our survival but if our lives is only concerned with just getting more and more oxygen, there is something fundamentally wrong with the state of our being!

5.5.2 Centralized or decentralized

Most owners in Quanzhou are less likely to pursue excellence or to behave in accordance with the practice of *junzi* (superior person), which is highly valued in Confucian teaching. They got to their positions through opportunity and good luck at the beginning of the country's opening up, and would like to maintain the status quo. Due to the pressure of business growth, sometimes they are demanding and aggressive towards professional managers and employees. From the owners' point of view, their relations with professional managers are that of expert to novice. Owners do not save professional managers' face on many occasions. In meetings they tend to criticize professional managers rather than praise them. If there are any problems they will blame the professional managers.

For the sake of their own interest, professional managers choose to follow their bosses. They sometimes have to guess if there is a hidden meaning in a boss's statement. But in their eyes, these bosses are not well educated, are low quality (*disuzhi*), and they do not admire them and follow their leadership. As such, positive energy is not activated. Empowerment in these enterprises is more easily claimed than implemented.

Due to the suspicion between owners and professional managers, many owners tend to control everything. It is vital for them to make all the decisions by themselves. If we take a further look at the structure, the five pairs of social roles seem to be understood by all Chinese people. There is a clear link between the *wulun* (the five cardinal relationships) value, high power distance, and Chinese leadership style (Hofstede, 1980; Lee, 1985; Littrell, 2002; Tang & Ward, 2003; Zhang, 1997). As Chinese entrepreneurs, they might be reluctant to give away too much power for the fear that those power might be used against them later. In most cases the intention is for self-protection. As is the case for overseas Chinese businessmen, the conception of family and paternalism has great impact on the style of leadership for Chinese entrepreneurs (Redding, 1993).

How to build a corporation totally free from manipulation? There needs to be a profound change in the relationships among people. Some deeply held conceptions such as filial piety, *wulun*, and hierarchical family structure need to be reviewed. Some parts of them may need to be rejected completely. As suggested by some scholars, the real value both managers and owners can create is acting as a channel and seeing their organization as an organism (Douglas, 1986; Senge, 2006; Zohar, 1990). As a result, energy and potential are released from different aspects of the company (Mintzberg, 2009).

While some traditional leadership concepts like being a *junzi* (superior person) are known to current Quanzhou entrepreneurs, the challenge remains how to integrate such concepts into their daily behavior. In general, Quanzhou entrepreneurs are accepting of their current status quo. In a family business, the leader tends to grow the firm with the purpose of increasing the family's wealth. IPO fever and the pursuit of larger and stronger business seem to be in conflict with honoring the best interests of their coworkers, the company, and society as a whole.

In the fieldwork, there are good examples of managers who want to lead by example (Rindova & Starbuck, 1997). In companies where opinion leaders are interviewed, the endeavor has been made to become the perfect leader—the "sage-king," as emphasized in the Confucian value system (Hall & Ames, 1987). These opinion leaders also try to win the loyalty of their followers and peers by exhibiting virtues (Li et al., 2011). Employees also expect their leaders to act like a *junzi* (superior person). In management transformation, some of these traditional values may need to be retained and expanded upon. It is certainly true that a disposition towards equity or collaboration is helpful for resolving the tension between owners and professional managers. Both parties thus are able to develop behaviors reflecting concern and equitable effort on behalf of others, or valuing and building relationships.

5.5.3 Flat or bureaucratic structure

Many enterprises in Quanzhou are becoming larger and the organizational structures tend to be more bureaucratic. The phenomenon of strong internal teams but weak cross-functional cooperation is very common. Owners don't care about the details of management. Weber's paradigm in the progress of industrial revolution has impact on managers' thought structure, especially in the mind of old-generation founders or

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owners when their business is progressing from a small, family-run workshop to a modern enterprise. Although some owners pay attention to the details, for the most part their attention is given to the costs of operation instead of improvement of service and producing high quality products. Whatever methods are used, eventually the owners must *pai ban* (make the final decision). Here we are most likely seeing the controlling mindset of Chinese traditional family manifesting in management practice.

By contrast, younger entrepreneurs are more aware of the weakness of bureaucratic organizational structure and the controlling mindset. The flat management system has aroused wide interest (or sometimes concern) with its low cost, high efficiency, and flexibility. Based on the understanding that when electronic commerce enters the enterprise greater transparency is required and the organizational structure has to be flatter and flexible as opposed to being bureaucratic and tall. In China, more and more enterprises, especially the newer ones, are adopting a highly flat and web-liked organizational structure, which is more likely to encourage collegiality and cooperation among employees.

Xiao Mi and Hai Er are two enterprises that have implemented a flat organizational structure. The main concern is how flexible human resources management is carried out. In such an environment, the founder or owner is not regarded as a boss, but as the frontier engineer. There is no traditional KPI measurement in these two enterprises, and the focal point is to motivate and satisfy employees. The CEO of Xiaomi suggested that the role leaders play in different phases of an enterprise's progress is different. They must lead by example when there are seven or eight employees, accompaniment will be needed when there are twenty to thirty people, and training several managers who can lead by example when there are seventy or eighty employees.

The strength of such organizational structure is that owners can master every detail of the company's operation. Also, small teams are helpful in fast response and decision-making. There will be no regular meetings, PPT presentations, or reports required. The aim is to simplify the work, to the extent that several owners can understand very clearly what is going on. Thus, the owners can have detailed information about only the most important aspects of the enterprise. To be a good CEO, 70% of time will be recruiting people and then putting energy into more challenging work, that is, how to utilize and mobilize human resources. These founders believe strongly that employee empowerment is vital and most urgent for the company's transformation as well as the success of the business.

The strategy of flat organizational structure is a challenge towards the traditional way of thinking in China. It is also a shift from Weber's classical theory of bureaucracy of an organization. Under a flat management system, enterprise leadership positioning is adjusted from controlling to accompanying. The authorities are not defined as dominating or manipulating. The relations between superior and subordinate are not about controlling but collaborating.

5.5.4 Employee motivation

A prime problem that has intrigued and frustrated entrepreneurs for years is the relatively low trust in China. Entrepreneurs struggle with how they can gain the trust necessary to lead the firm to success, and how to know whom they can trust. One way to find the root cause of this problem is to examine the knowledge in their mind that defines such defects. Fei (1992) suggests that Chinese people tend to be self-centered and emphasizes that their behavior is commonly labeled as "egoism." Traditionally, the owners tend to dominate the major issues in running the business. Controlling

seems the most effective way for entrepreneurs to protect their wealth. Further, the conception of material existence is often used to define human nature, giving rise to competing relations between the owner and his employees.

Although the mindset of the new generation is more client-oriented, in family businesses there are very few ways they can provide incentives to employees. As a result, problems such as poor product quality and high turnover rate plague these businesses. Entrepreneurs try to look for means to adjust employees' perception and change their beliefs. Meanwhile, however, they still direct most of their efforts to looking upward at the officials rather than downward at the employees.

Some entrepreneurs take the view that Chinese management is all about human nature and the quality and character of the person are most important (Zhang, 2016); as Drucker (2006) put it, the enterprise of the 21th century is to make everyone a CEO. The essence of management is to stimulate initiative. The continuous improvement work style, the implementation of TQM, 6 Sigma, and client service all require employees' loyalty and endeavor. Employees need to truly care about external users and coworkers. Thus, managing is all about how to release the maximum potential of humans, and all value has to be around humans.

Others propose that the basic principle of managing is institution of incentives. Successful encouragement is the essential factor to make full use of human capital. Managing is not about regarding others as thieves and always thinking of how to outwit them. Hence, while using certain means to stimulate initiative on the part of managers and employees is vital, a strong atmosphere of suspicion in Chinese firms restricts the promotion of human capital.

Experiences in the IPO process tell owners that those who are open and willing to accept professional managers will succeed. There are some creative solutions whereby family businesses can attract professional managers and work with them in the firm. For example, phantom stock option plans work exactly like regular stock option plans, and mirror the increase of the value of the firm. Although there is a strong atmosphere of suspicion, proper corporate governance can alleviate this concern. So, it is necessary to create and embrace the family mission to work with professional managers. In Huawei, Ren Zhengfei himself holds only 1.4% of the company's total share capital, with 82,471 employees holding the rest (as stated in Huawei's 2014 Annual Report, as of December 31, 2014).

Other entrepreneurs believe that Western management theory only provides technical approaches regarding managing. The Confucian values of equality and harmony to some extent exert influence on entrepreneurs to prevent wealth gaps from becoming too big. A proverb says: "The Chinese king cannot receive the mandate of heaven if he cannot feed his people." Some entrepreneurs take the position that if employees own the company they will be motivated to act like owners and initiate more projects with dedication that could help all of them to earn more.

There are other examples of how the new sources of managerial thinking can be obtained through traditional culture. In order to stimulate their laborers' working activity, Shanxi merchants in Ming and Qing Dynasties adopted a special stimulating system, which was called *shenguzhi* (a labor-sharing system for all employees). The basic attitude is that the owners should be kind to employees, regarding them as family members. As in a family, every member of the firm has the opportunity of sharing profit.

There are many examples in Chinese history suggesting that leaders need to learn how to *chikui* (suffer loss). Giving as much as possible is the characteristic of a true leader. To give time to others and learn how to respect employees is another such characteristic. The company can take the strategy of lowering costs, but without cutting employee salaries. They need to have more confidence in their members. This conception is quite similar to that of overseas Chinese merchants, who emphasize that they need to give first and gain later (Chen, 2011).

The idea of equity also means that the harder one works, the more one can earn. The premise of an employee-owned company links the motivation of employees to act as entrepreneurs to the achievement of the company's vision, which requires a culture with a long-term focus and a collective orientation. An employee profit-sharing scheme is an innovative idea because it serves both individual and collective interests simultaneously. A mindset that sharing profits will instill a sense of ownership in employees—something that is profitable and effective in the long term—is being recognized by some entrepreneurs in China.

Being open-minded is necessary for managing people. The challenge thus primarily lies in shifting entrepreneurs' focus from external shareholders to internal shareholders who work at every layer of the company. It is based on the idea that wealth and profit are common goods that are shared, and not only awarded to privileged minorities. As a result, the spirit generated can boost productivity and innovation and serve as a catalyst for growth.

5.5.5 Manufacturing or Internet

From central and provincial to local government, everyone is emphasizing the strength of the manufacturing industry in Quanzhou, as evidenced by the development of 2025

Quanzhou Manufacturing Program Guidelines. Most first generation entrepreneurs choose to follow this guidance. They try to show innovation by incorporating brand and market management into manufacturing. Increasingly, the young generation seem far more willing to try new ways of transformation. They have energy, willing to seek new opportunities, and have the ambition of transforming the business by applying knowledge acquired from university or new technology. To implement the strategy of Internet plus manufacturing, initial public offering, or even to move to e-commerce and give up the traditional business are the new trends in Quanzhou for young entrepreneurs.

From the fieldwork, there seem to have been several stages in Quanzhou's industrial evolution. In the 1980s, the values of the enterprise were to behave well, to be honest in business, and to be an astute businessman, as cheating causes market chaos. Most enterprises would take risks in any endeavor, as there was money to be made in every business field. In the 1990s and the 2000s, most enterprises directed their focus towards real estate, e-commerce, playing capital, and the Internet. Now is a time of transition, where traditional enterprises are looking for innovation. The Internet seems to be at the core of innovation, especially for young business leaders. Studies (Caijinglangyan, 2016) show that China's traditional enterprises use the Internet as a means to reach out to clients at a rate of 25%, a very low percentage compared with America's 75%. Internet economy currently represents 7% of GDP, a percentage forecast to rise to 22% by 2020.

First-generation managers are concerned about the distraction of time and energy accorded to unfamiliar business areas such as the Internet. Some informants like Wang Qi and Chen Xing only focus on their main businesses. Compared with this group of owners, some others take a further step. They take the view that the low price and high

quality of traditional industries is in itself a way of innovation. Most of them are learning from the experience of certain innovative Western firms. For example, according to Japanese manufacturing tradition, a company doesn't just make affordable products—it makes them better. A similar situation happened with American companies. Ford invested in many industries, including the Internet. The management also went on a wild acquisition spree, paying huge sums for Volvo and Land Rover. When Bill Ford became the successor to the company, he dropped most of the brand names and only Ford and Lincon were kept. Due to this strategy, the enterprise overcame the difficulty of the 2008 financial crisis.

The concept of lean manufacturing (Krafcik, 1988), derived from the Japanese manufacturing industry, and of the Plan-Do-Study-Act (PDSA) cycle (Deming, 1993) are familiar to many of Quanzhou entrepreneurs. These concepts are based on the premise that avoidance of waste is the key to efficiency. The purpose is for the firms to avoid unnecessary costs, to learn from mistakes, and to be more profitable. The search to reduce waste has its foundation in the long history of scientific management. In 1911 Taylor suggested that manufacturers should adopt this new method, emphasizing the importance of experiments, accuracy, and standardization.

In fact many such concepts are now seen as key to cost reduction for Quanzhou manufacturers. They understand very well that money is saved rather than earned. In addition, most of the older generation of entrepreneurs adopt the principle of learning by doing. Although avoidance of waste is a principle that has been applied by some owners in every aspect of the company, others are just starting to realize that there is no other choice to sustain the business except adopting lean manufacturing.

In a few managers' responses, lean manufacturing and the spirit of German manufacturing are also emphasized. These ideas inspire them to direct their efforts towards continuous improvement within traditional industry. Hengan had several rounds of management reforms to transform to a learning-based enterprise by fostering an atmosphere of learning and progress contributing to ongoing improvements in overall quality of the staff, with the aim of bringing the company's management practices in line with modern international standards and ushering in a period of healthy growth.

It is suggested that while the past two decades were in the hands of Internet enterprises, the future three decades belong to traditional enterprises. China needs to regain its long-lost craftsmanship spirit, which relies on the high quality of raw materials and strict process management. To this end, the Internet needs to develop in conjunction with traditional industries. This is fusion on a grand scale—a fundamental change.

A few entrepreneurs suggest that our understanding of industry should be expanded beyond the Internet. The Internet has to be merged with the economy of substance, to deal offline rather than online, and to have more weight rather than less. When the American retail industry faced difficulties, each item was sold in the shop at double the price, allowing the shop to survive. Wal-Mart only earns half its former profit, although still working at a gross margin of 23%. Costco is earning a profit of only 6.5%. China is walking in this direction. E-commerce has changed the trends.

The mainstream now is Internet plus high tech, urbanization, and future-oriented. Paradoxically, future opportunity lies also in the village. The market in the village has

huge potential, as goods are currently sold in the village at a higher price and farmers cannot sell what they produce (Liu, 2015).

Some proposed that future management is cloud service plus cellphone rather than the traditional ERP (enterprise resource planning), the prevailing model in enterprises. More and more M&As are moving towards BAT (Baidu, Alibaba, and Tencent) model. In the M&A wave, BAT tends to be the promoter. Didi and Kuaidi, 58 and Ganji, Meituan and Dazhongdianping, Qunaer and Xiecheng are just some examples. The M&A fever means the mind of entrepreneurs is changing. The traditional paradigm "Better to be the head of a dog than the tail of a lion" is reviewed and replaced by the concept of cooperation. In past decades, everyone wanted to have his own business. Now, owners realize that only M&A can improve efficiency, reduce social resource waste, and deal with fierce competition. The channels for enterprises to phase out from the market are more flexible. Originally, enterprises had only one choice—to go public or fail. The most important thing is how to safeguard market fairness and avoid oligarchy. The Internet is seen as a new trend, and the principle of "a pig can fly to the sky" is adopted by most entrepreneurs with the purpose of flowing with the forces of this new trend.

However, for both older generation and young entrepreneurs, the willingness for transformation is mainly driven by the paradigm of growing the business to a large scale and then going public. There seems to be something at play beyond the essential purpose of building a larger and stronger business empire, which is deeply rooted in the paradigm of competition and prestige.

5.5.6 Innovation or maintaining the status quo

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It can be seen that Chinese enterprises are lacking in the spirit of European craftsmanship nowadays. Also, in order to avoid making mistake, a Chinese person will choose not to take action. According to my observation, some professional managers would choose to waste their time in the company without any intention of taking action. They believe that if they do something wrong they will have to take full responsibility.

However, younger generation managers tend to think they would not be able to survive in a competing world if they didn't take action. Some firms adopt the strategy of improving product quality while holding prices steady. Smiling service, sales and marketing reform, flat organizational structure, technology development, supply chain reengineering, and the internationalization of talents are among their innovative ideas. But it seems only a few companies, those with a culture of innovation or inspired by the founders, are positioned to take initiative in these ways. For example, Qipilang is in its third stage of managerial reform, deepening its brand name through quality improvement at an unchanged price. Qipilang has been building its culture for a long time and raising consciousness among senior management that innovation is the only way for sustaining the firm.

The mentality of taking shortcuts is another obstacle to innovation for many managers. As Drucker (1954) put it, nothing exciting happens when it is called good managing. Most managing activities have to become routine rather than operating on the principle of "management by exception." Management entails extensive practice, because there is in fact no shortcut.

Not having the habit of challenging also blocks managers' creative energy. Creativity is often called "thinking outside the box." It is "thinking about thinking." When people

assert that there is only one right way—experience, tradition, practices, educational training, or old patterns of thinking—to achieve business success, creativity can never be fostered.

In managers' mind, innovation always relates to high technology, the Internet, and high cost. It is seldom connected to traditional industries. In China, innovation has to do with the size of enterprise, success in capital market. By contrast, McDonalds is considered to be innovative in its way of operating. The real innovation of Ford was not the invention of the automobile. Their invention was an idea: "everyone should have a car." Learning from Western management, some CEOs in the Chinese Internet industry point out that there is commercial innovation in traditional industries, which does not necessary relate to high tech. The reality is that the so-called high tech, innovative, highly profitable, or value-added enterprises die very soon, although they apparently have high profit and high added value. Since many entrepreneurs are trying to achieve cost reduction in a competitive environment by adopting scientific management concepts, how to keep a balance between technology and value is a big challenge for them.

According to Peters (1993), the customer is an important source of new ideas for innovation for firms, and the interaction between customers and firms affects service innovation performance. Therefore, the foundation for innovation is having everything the firm's clients need so they can make themselves at home. Liu Qiangdong, the CEO and founder of Jingdong, suggested that the Internet in its essence is a kind of idea, concept, thought, value, and methodology, which requires qualities such as concentration, excellence, word of mouth, and fast response. To draw a parallel with technology, possession of talented people who stay aligned with clients and possess

rich experience in research and development can be considered high tech—and indeed, technology without such people can never be innovative for a firm.

Many Quanzhou entrepreneurs are thinking of secondary undertakings, in order to run their business with longevity, strong life energy, and strong growth capability. However, walking on the path of innovation is a never-ending process. Innovation is a way of thinking. As Zhang Ruimin of Haier put it, you can find doors opening in every wall if you are innovative, and you will find only wall if you don't innovate (Zhang, 2016). PepsiCo's CEO Indra Nooi said, if we are selling sugar water, what we are doing is quite good. However, if we are to improve the life quality of the people in this world, we need to exert double effort. It seems the first thing Quanzhou managers need to think about is how to challenge their deepest sources, which block their innovative way of thinking.

5.5.7 Summary

The functioning of the intellectual framework can be likened to autopilot, a self-adaptive fuzzy neural controller, a complicated adaptive system, or a living organism. Most management problems seem to arise due to the unconscious nature of managers' thought structure. Walking in a dark room, a manager may emphasize the importance and grandeur of justice, and then encourage a rapacious monarch in his oppression and tyranny. The deeper level of functioning needs to be looked at, rationally and carefully rather than emotionally. The rationale behind management behavior and practice has to be explored, as it is about how managers see the world and make decisions. Only with this level of examination can management reform or transformation be effectively implemented.

The narrative unfolding of the current intellectual foundations is often seen as accompanied by prestige, elegance, and the power to influence. The survival of the fittest, *homo economicus*, scientific management, efficiency, economies of scale, *wulun* (the five cardinal relationships), filial piety, and more recently materialism, the Cat Theory, or the Internet are just some examples of prevailing management practices. These orthodox images have long been ingrained in the intellectual life of managers and seem hard to challenge. The basic assumptions, philosophy, premises behind the orthodoxy have to be diagnosed, if transformation is to be introduced. The quality of courage is hence required to question these long-held sources of thought.

The mode of operation is more consultative in its nature, as knowledge generation is not the right of the privileged minorities. Owners, managers, employees, clients, suppliers, officials, and even family members all can make their contribution in reshaping the thought structure of managers. The process might include developing a plan of action, maintaining the plan, participating in dialogue and action, and evaluating the action. Dialogue, action, and practices will lead to a new reality of intellectuality. Without dialogue and action, any thought is meaningless, as such thought will have no value. In fact, action itself is a part of the framework. Putting every insight gained from study, consultation, and reflection into action, these insights will help in diagnosing the root causes of the problems, casting away, retaining, and expanding certain pieces of knowledge.

The new sources of knowledge for a more coherent framework would fundamentally rely upon religion and science, the two complementary systems of knowledge and practice. Both the paradigm of middle age and the philosophical attitude of positivism would prevent managers from searching for new knowledge. Attention has to be given to the whole, the intuitive and non-linear aspects, rather than the parts, objects, and the

linear, absorbing nutrition from both existential and formal knowledge, or intuitive knowledge and conceptual knowledge. A coherent framework relies upon seeking knowledge from aesthetical, ethical, cultural, spiritual, and ecological aspects, not just on the technical, economical, manageable, political aspects (Mintzberg, 2009; Senge, 2006).

Many of the local and global challenges facing Quanzhou managers today are embedded in interconnected systems of intellectual framework. Addressing these challenges means moving beyond the limitations of the perspectives, methods, and tools of traditional reductionist science. As Fritjof and Luisi (2014) put it, systems thinking is based on the fundamental shift of perception from the world as a dissociated collection of parts to the world as an integrated whole. Table 5.5 portrays the possible new management practices.

Table 5.5: New Management Practices of Some Example Companies

Companies	Traditional practices	New practices
- Xiaomi	- KPI	- De-KPI
	- Bureaucratic	- Flat
	- High power distance	- CEO is engineer
- Fangtai	- Competition	- *Rushang* (Confucian businessman)
	- Executive incentive schemes	- *Shengguzhi* (a labor-sharing system for all employees)
- Jingdong	- Increase the movement of the whole society	- Decrease the movement
	- Profitability	- Accept loss in order to improve the quality of service
- Yunus	- Client is not trustworthy	- All clients should be trusted
	- Profit shared by shareholders	- Profit reinvested in the business
- Wuyong	- Cash flow management	- No cash flow
	- Marketing	- No marketing
	- Entrepreneurship	- No title

5.6 Conditions for identifying and describing the intellectual foundation

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5.6.1 Questioning current orthodoxy

Like the thinkers of the Enlightenment, who were courageous in questioning the religious orthodoxy by proposing alternatives and thereby changing history, the purpose in managing is to clarify the intellectual foundation, and restore the identity and mind to its original state of purity of heart through continuously challenging the current orthodoxy of relevant social, economic, or management theories. However, the materialism and economic orthodoxy gripping managerial mindsets have their priests, dogma, power, and resources. It is essential to realize that the coming into being of new deliberations, new evidence, and new alternatives does not generate itself passively, it needs courageous investigation and intervention (Arbab, 2016).

It is a painstaking, scientific, and philosophical inquiry to question the assumptions of current theories dominant in the management and business field. This is different from the concept of criticism, which is more likely to perpetuate power and pursue the aims of the existing order. Instead, the inquiry about managerial intellectuality is a consultative, serious, and meticulous process of questioning the premises, arriving at alternatives, presenting evidence, and arguing with clarity, in order to provide deliberations through scientific methods.

5.6.2 Avoiding privilege

The development of intellectual framework does not belong to a few entrepreneurs, senior managers, consultants, or professors. By contrast, the process of investigation should avoid privileging the intentions and acts of the speaker over those of the listener, which most likely will cause a sense of entitlement, aloofness, or superiority (Arbab, 2016). It aims to recognize the accomplishments of the individual, as the restoration of the knowledge system is not the property of a few, but needs a widespread

intellectuality and spiritually sound conversation at the grassroots. It is realized through continuous dialogue and reflection in solving the problems of management and can be considered as a joint activity of framing and meaning construction (Goffman, 1981). To be open-minded, to carry out small-scale discourse and consultation, and to freely express one's ideas and opinions are requirements of this process.

To explore the deepest sources of thought ultimately relies upon small-scale dialogue, rather than presenting one or two large lectures or through the traditional cramming method of teaching (Arbab, 2016). The traditional way of teaching cannot foster the generation of new knowledge. Instead, dialogue among small groups of people or in a small seminar format seems to be more effective.

The endeavors of managers to develop their thought structure need help, support, and encouragement from their superiors, subordinates, and partners. The nature of such relations—that is, whether they feature domination or cooperation—will have a great impact on the development of managers' intellectuality. It is vital for everybody to be able to participate in the discourse. Owners, managers, employees, officials, suppliers, and clients are learning together. They study and experience, accompanying each other rather than manipulating each other.

One thing is certain: even if the investigation helps managers understand the foundation of their thought structure, it cannot really solve the immediate problems and the aim can only be focused on the future. For example, we know that historical reasons, such as the country suffering under invasion or experiencing many political movements can result in a sense of confusion and insecurity. There needs to be a developmental and transformative view regarding the change of such feelings. This

takes time and needs a lot of dialogue. The exercise is profound yet not pointlessly difficult.

Speaking in language and words that have the same meaning is helpful in shaping the structure, and sharing a common vision. According to Hawaiian tradition, language, the power of words, can create reality (Vitale & Len, 2007). Is there any possibility to simply restructure the language used in management research and practice? What is the new language to replace vocabulary such as strategy, competition, survival, suspicion, or anxiety? Some scholars suggest that when language of compassion, dialogue, love, art, truth, and beauty is used, humans will be in a state of enlightenment (Senge, 2006; Zohar, 2004). For managers, if they express love and caring for employees moment by moment, the reality of the organization and organizational atmosphere will be reshaped. Appreciative inquiry can be applied in daily communication, where only positive encouraging language is used (Cooperrider, 1986). A new reality will be created when some of the old language is phased out. However, to draw on familiar language and cultural symbols in Quanzhou city is also vital, as it is impossible to create entirely new systems of meaning (Fligstein, 2001). Also, to unfreeze old language usage and refreeze the new usage takes time, and a process of continuous consultation, action, and reflection on action.

5.6.3 Sources of Thoughts

Only new sources of knowledge can possibly transmute toxic memories to pure energies. Science and religion, the two overlapping systems of knowledge and practice, are the possible sources of inspiration and enlightenment, and the gift given for the sole purpose of reestablishing a new foundation in the thought structure.

Conceptual knowledge often teaches us rational, planning, and analytical skills. By contrast, intuitive knowledge often reveals the true purpose. The true purpose is always talking to you, like light is always there, but we are blind to it. If managers take full responsibility for producing better quality products, they will find freedom. To find the true purpose is the process of challenging the unconscious, especially formal knowledge, where often the blocks and the driving forces reside. The true purpose is always there. However, due to the strong impact of conceptual knowledge, the causes sometimes aren't in alignment with the conscious desires (Vitale & Len, 2007). From a state where there are no destructive thoughts, words, deeds, memories, programs, beliefs, or anything else, we created, and unconsciously absorbed and accepted constructive beliefs, programs, memories, thoughts, words, deeds, and more.

Managers will take the initiative to explore with intellectual reasoning, through science and religion. Traditions and the accumulated sources of thought can also be a part of the knowledge system. The ideals of materialism, positivism, and logical positivism, which reject religion as a knowledge system, as well as religious fanaticism, which believes scientific knowledge is solely generated from religious scripture, are all harmful for the inquiry of the intellectuality mentioned here. The investigation is not to collapse scientific knowledge into a religion. Science is often regarded as a faculty, a gift to construct knowledge to illuminate human understanding, rather than the propaganda of scientism, or the mere knowledge of technology. It is not also to collapse religious knowledge into methods of science.

5.7 Implications of the findings

5.7.1 Theoretical implications

First, this research describes the development of managers' intellectual framework in a certain region of China. The development of intellectuality can fundamentally change the capability of managers to cope with transition. The research is able to temporarily open the black box and to describe both the container and what it contains, in a certain moment within the course of history. Through the visible management behavior and structure, it is possible to explore the intellectual foundation. Careful attention is also given to the nature of the intellectual framework, which is dynamic rather than static. By looking into the foundation and structure of managers' thought and how it takes effect, managers' behavior can be predicted and interpreted.

Second, the research provides a new angle to study management and organizations. This study provides a new dimension, language, and perspective for managers to understand managing and organizational behavior. Intellectuality, consciousness, and thought are abstract terms, but the attempt of this study is to describe the related elements, attributes, and characteristics in order to explain this concept in a more concrete and understandable way. Especially, one of the major endeavors of this study is to explore the intellectual foundation—the causes, driving forces, memories, or subconscious level of thought structure that define the present order of management.

Thirdly, this study expands the theory of thought systems (Bohm, 1994) and that of culture (Schein, 2004). Bohm (1994) suggested that the thought system includes artifacts, emotion, and cognition. Taking a further step, this study analyzes the constituents of this system and its mode of operation, especially in the organizational and managerial setting. It provides a concrete description of the elements, the relations among such elements, and their relevance to management in a regional or group level, by taking a more coherent position.

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Schein's (2004) theory of culture suggests that the underlying assumption lies at the subconscious level whereas artifacts or values are located in the conscious level. Similarly, in managers' intellectual framework, memories, causes, and driving forces are at the subconscious level. The reasoning and pattern of behavior tend to be more at the conscious level. The subconscious forces have given shape to the structure and then emanate as managers' pattern of behavior (see Figure 5.1 & 5.2).
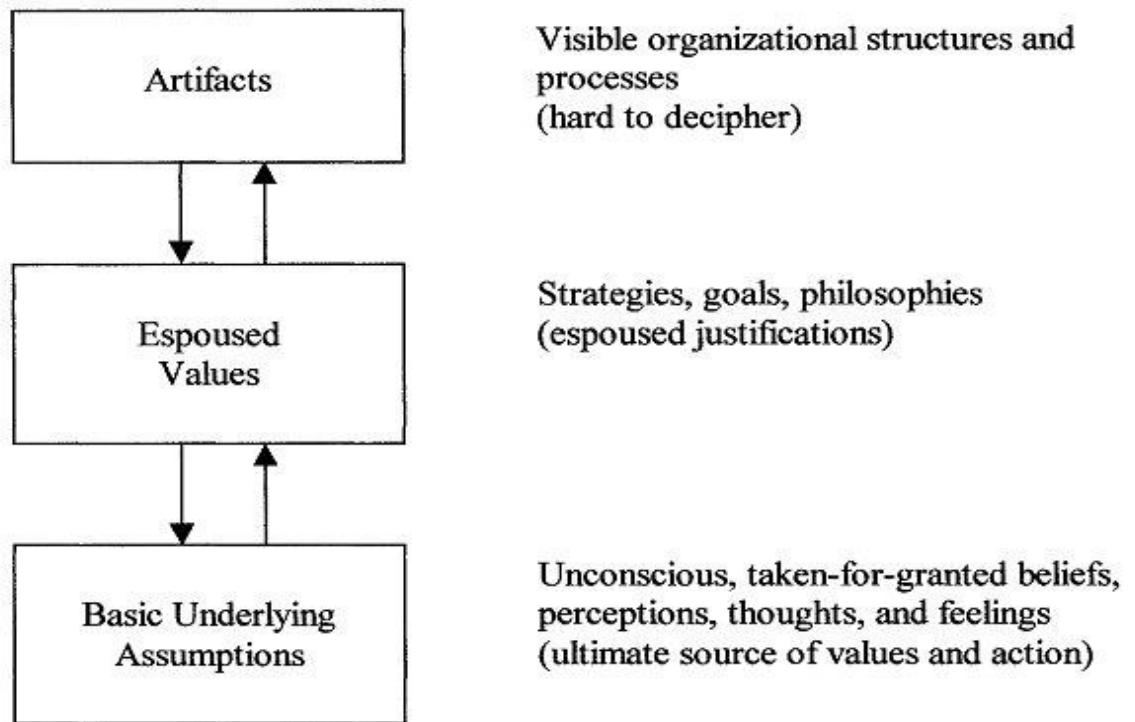
Uncovering the Levels of Culture

Artifacts	Visible organizational structures and processes (hard to decipher)
Espoused Values	Strategies, goals, philosophies (espoused justifications)
Basic Underlying Assumptions	Unconscious, taken-for-granted beliefs, perceptions, thoughts, and feelings (ultimate source of values and action)

Figure 5.1: The Schein's (2004) Theory of Culture

Patterns of behavior	Habits Attitudes Practices For example, IPO, anxiety, financial performance, extrinsic incentives, war for talented, competing for market, Internet plus
Structure	Rationale Narrative Story telling

	Reasoning For example, economic policies, management system, culture (Freedom, authority, privacy, justice)
Intellectual foundation	Causes Deepest sources Driving forces Roots Ideas and assumptions, thoughts, and conceptions For example, the traditions, economic theories, scientific management theory

Figure 5.2: The Intellectual Framwork

By expanding Schein's insights, this study posits that as most managers are less likely to recognize the subconscious nature of the intellectual foundation, they seem to be incapable of clarifying and challenging the driving forces (Drucker, 1994; Salovey & Mayer, 1997; Schein, 2004). The nature of the intellectual framework determines that managers only know what they know consciously and hence are limited and limiting. Most of the time managers choose to passively follow an established pattern of behavior, something they take for granted, without knowing it is influenced by deeply embedded programs. The study suggests that, due to the profound challenges facing managers and managing, it is necessary to test the root causes. The process of investigation allows for the actuation of managers' latent potential. While memories and deepest sources are tested, there is possibility of reshaping the frame.

Fourth, ethnographic methodology is adopted in this research, and the principle of co-construction of knowledge is applied. Both quantitative and qualitative research can generate theory. Qualitative inquiry focuses more on theory development, whereas quantitative research is directed more towards testing existing theories. Both methods can generalize findings but use different approaches. In Quanzhou city some managers engage themselves in a big puzzle where things are becoming increasingly unknown, amid much confusion. Somehow they don't completely believe in the existing theories

but don't know where to go next. The researcher then has the chance to intervene by using new means to view and describe the reality faced by the managers. Qualitative study, or grounded theory, seems to be a suitable approach in this situation, starting by telling the reader what the relevant problem is, where the field is, what the puzzle and confusion are, and what really interests the researcher in undertaking this research.

This research aims to understand the structure and foundation behind the visible surface-level problem, through the stories of managers and organizations (Gephart, 1991, Wilkins & Thompson, 1991). It is vital for managers to be able to participate in the collective investigation into the reality of the intellectual life of organizations. Through storytelling, the researcher has the opportunity to have conversations and interactions with managers, where both parties contribute to the investigation and gain insights. Managers have a chance to look at the root causes of structures and behavior in their thought structure, which will help in clarifying their vision, guiding future lines of action, and affecting their daily management. In general, in adopting qualitative inquiry, studying a phenomenon, the aim is not to falsify a theory. Rather, it is considered as a process of knowledge generation and dissemination between the researcher and managers.

Fifth, the findings on the intellectual framework provide a more integrative and holistic explanation for managerial behaviors. An appreciation of the existence of cognitive aspect of managing and complexity in interpreting culture is emerging within management and organizational studies. This new stream of research concerns how deepest sources impact the way of managing, and some interesting conceptions are introduced into the field of management study such as systems thinking (Senge, 2006), sense making (Weick, 1995), and thought systems (Bohm, 1994). Despite these occasional acknowledgements, there is little understanding of the formation of thought

structure in the organizational setting and the interacting nature of its elements. It is good to have different concepts and constructs in management and organizational studies to interpret the same thought. However, such analysis tends to focus on a singular and narrowed construct and lead to a fractured paradigm (Entman, 1993).

In order to contribute to this process of investigation, this study tries to avoid fragmented ways of looking at the system of thought. Instead, a single umbrella construct is developed in a more dynamic and comprehensive manner, which would enable managers to read the cognitive aspect of managing. This study introduces the concept of the intellectual framework to explicitly recognize that there is thought structure of managing, which consists of three levels—driving forces (the foundation), reasoning (the structure), and pattern of behaviors (the methods). It emphasizes that the intellectual foundation defines the present order of management, which is somehow problematic. The remedy can only be obtained through diagnosing the root causes.

5.7.2 Practical implications

First and foremost, managers will be able to be aware of the root causes of present management problems and avoid the tendency of seeking solutions near the surface level. Currently, more attention is being given to the warning signs, but problems seem be constantly emerging. One of the attempts of this study is analysis of the intellectual foundation. It suggests that testing, challenging, and listening to memories is the very starting point of reshaping a frame. Managers will be able to understand more about the reality of managing and the mode of operation of their thought structures. At least they will realize that they often behave within an incoherent thought structure.

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Second, their thinking is directed towards understanding the forces in the present management order. This study provides a picture for managers to look deeply into their sources of thought. It suggests that the intellectual foundation is the sum total of all past thoughts, emotions, words, deeds, and actions. Managers' present lives and choices are colored or shaded by this memory bank of the past. Table 5.2 presents a summary of these deepest sources that result in both structures and perceptions. Managers see what the data see, perceive what driving forces perceive, behave as memories or driving forces behave, and decide as memories or driving forces decide. They are told what is right or wrong by the subconscious. Hence, this study provides a picture of the memories, which need to be expanded upon through continuous discourse. I take the position that once managers are conscious of this, they begin to see how a process of correcting or setting aright can change the way of managing, their intellectual lives, families, and the society as well. These memories are pre-existing. Through education in childhood, long-term practices, continuous learning, and accumulated experience, managers become a part of the system.

Third, this research provides a useful tool for managers to understand more about themselves, and the relations between the foundations of the intellectual framework, history, and their management practices. The study suggests that the deepest sources tend to stay below managers' vision and therefore can possibly illuminate their lives if made explicit. Then, personal memories can connect with the collective history. The relation between managers' intellectual foundation and the system of past theories and doctrines is like the relation between tapestry and thread. Personal memories are a part of collective memories. From the angle of personal memories, people can catch a glimpse of their own social reality. Symbol is elsewhere, but it provides a lens to view the society as a whole. Personal memories are implicated in the collective memories.

Collective memories are a wide net and personal memories are the threads that weave the tapestry of humanity's story. For example, the country's history should start with personal history, family history, and village history. Collective memories should be tightly woven through the consideration of individual, family, village, county, and the country's memories. If the sequence reverses, adopting a top-down approach, there will only be the country's history. The personal memories will be lost (Long, 2017).

The organizational thought system is like a tapestry in which the individual manager's intellectual framework is but one thread. Managers' thought structure and the organizational thought system are created simultaneously. Managers' intellectual framework needs to be explored and investigated in order to understand the organization's thought system. In the organizational setting, individual attitude, character, or capability is a part of the organization's atmosphere. The lack of managers' memories results in a distorted organizational intellectual reality. The memory, the story is a living thing, which articulates a relational view of the individual and their community's intellectual life. Hence, one of the outcomes of this study is to preserve individual memories and get a more accurate picture about the organization's intellectual life by describing Quanzhou managers' thought structure.

Finally, as the research is seen as a means of co-constructing knowledge, the process of investigation benefits the managers from the very beginning of the fieldwork. For example, in the interviews, I talked to one of my informants about redefining various relations in the new era of management. He contacted me afterwards and told me he needed further information about this concept. Many managers told me that this was the first time they had been asked about these issues. One managers mentioned that these questions provided him with a guiding framework that helped clarify many concepts in his mind. He is a human resource manager and is familiar with the

interview process in recruiting. However, there were some questions in our interview that he had never asked or thought about before. As the fieldwork was conducted in a historical city, it was easier to see the traditional, societal, and cultural effects in managers' intellectual foundation and their impact on managerial behaviors.

In summary, as China and Quanzhou are in a stage of transition, a major concern for managers is how to cope with the change. The study helps managers to know that the thought system is a whole, and to understand their intellectual framework as a process of self-awareness, awakening, and enlightenment. By understanding that managers have different intellectual frameworks, different driving forces supporting different pattern of behaviors and different organizational act and managerial actions, there will be more clarity on why different policies are adopted in terms of incentive, motivation, selection, controlling, and planning, among other dimensions.

5.8 Limitations of the Study

The foremost challenge of this study is how to use a new language to describe thought, or to measure intellectuality, mindsets, psychologies, and values. Although the findings are obtained through observing behavior, talking to managers, and listening to their stories, how to actually observe and know their thinking, mind, or consciousness remains the biggest issue. Most of the analysis is based on what managers say, which does not directly capture their deep thoughts. Also, stories told by managers might not be accurate, and are subject to multiple interpretations.

Due to the emergent nature of this work and the lack of standardization of qualitative inquiry (Glesne, 2011), another challenge is how the researcher can actually discern his bias. In this study, the two major ways to eliminate subjectivity were, first, that the interview guide was developed at the beginning stage based on a literature review; and

second, through the method of ethnography, letting the main themes emerge naturally. However, as the researcher is from the area of Quanzhou, the interviews are not "clean" or "new" data, but fit within a lifetime accumulation of perception. Hence, the result of documentation is unavoidably subjective, as the researcher may interpret informants' statements into his own framework (Agar, 1996). The real issue is how the researcher can minimize his bias, carefully, rationally, and honestly, and tell the story in a more objective, logical, and consistent way.

A further issue is that the research findings are limited due to the relatively small sample size. The findings are confined to the selected sample in areas of Quanzhou, consisting mainly of middle and senior managers, which may limit confirmation of different hierarchical levels of perceptions on managers' intellectual framework. Further, the analysis and discussion of this research are based on data mainly obtained by interview and participant observation, not supported by evidence obtained from responses of a large number of managers through, say, a survey. The study's comprehensiveness and how adequately it reflects the reality of the organizational phenomenon being researched remain a question that has yet to be answered. Also, there are many industries or sectors incorporated into this study, such as clothing, footwear, real estate, furniture, engineering, trade, and so on. From the findings it is not easy to pinpoint the intellectual reality of a particular industry.

Finally, for qualitative research another problem concerns representativeness. Although theoretically and practically this particular location is quite suitable, managers in Quanzhou are not fully representative of China, so the findings of this study are directly relevant only to this city. It is necessary to further explore the differences across regions. Time is always a limitation for a qualitative research project, which requires long-term interaction and exploring grounded theories. As Mintzberg

(2009) put it, even a year may be insufficient to get into the mind of a strategist. In order to read the reality of managers' intellectual life, the time seems always not enough.

5.9 Suggestions for Future Study

More studies on thought structures from different perspectives are necessary for the development of the intellectual life of organizations. Future studies may strive to collect wider data from the managers' peers and subordinates so as to further validate the research findings, combined with more participant observation or surveys with a larger number of participants.

Researchers and practitioners may also conduct similar studies in other geographic areas, including at the city level such as Shenzhen, Wenzhou, Yiwu; at the provincial level such as Shanxi, Anhui; at a regional level such as Pearl River Delta, Yangtze River Delta, or even overseas. Studies may focus on one specific group of people, such as CEOs, CFOs, or rich second generation. Studies may also focus on specific categories such as well-known trademarks or collapsed companies, or may investigate different types of companies such as state-owned enterprises, joint ventures, and exclusively foreign-founded enterprises in China.

5.10 Some final thoughts

Yunus (yunusssb.com), a Bangladeshi social entrepreneur, is proposing to create a new kind of business. As he put it: "Business based on selflessness that is in all of us. I am calling this, social business." (yunusssb.com). The motivation of Yunus in establishing social business is to solve human problems. As a professor of economic theory, he realized there was no connection between the elegant economic theories he taught and the poor people he saw outside the classroom. Beautiful economic theory has no

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meaning in the life of people who are suffering from famine. The defective social order reminded Yunus that there might be something wrong underlying the social and economic structure. The point of social business is to challenge the orthodox economic theories, and in this Yunus starts with small steps through his courage and pure intention.

Before concluding this paper, I'd like to mention a lecture given by cloth designer Ma Ke at our university. I was very impressed by her talk on the way of managing and doing business. She is the only person I know who does not seek the name of entrepreneur. In her company there are no such things as marketing strategy, cash flow budgeting, or financial indicators. She just concentrates on one thing—designing cloth, using the highest quality materials, content with a modest profit, together with a small group of people with very low education levels, who devote their days and nights to the production of the best cloth for their clients. I think entrepreneurs who think they are unworthy and incapable of such a position can be called the true entrepreneurs. Ma Ke certainly is one among them. Her attempt is also to challenge the orthodoxy of materialism. She knows what needs to be thrown out and what will be retained in the foundation of business people's thought structure. As Abdu'l-Baha (1982) put it, "The president must be a man who does not insistently seek the presidency. He should be a person free from all thoughts of name and rank; rather, he should say, 'I am unworthy and incapable of this position and cannot bear this great burden.' Such persons deserve the presidency. "

What we discussed here is an intellectual framework that is preoccupied with materialism, especially in the highly competitive field of commerce. The pursuit of financial measurement indicators, purpose, and meaning, ultimately has to be challenged through seeing beyond the appearance and look deeply into the structure

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and foundation. Now we have one more choice, which provides an opportunity for the transformation of managing, both individually and collectively.

Finally, I'd like to raise a question, "When human thought is confined to a cage, losing its freedom to fly, is the human still human?" As Pascal (1966) put it, "Man is only a reed, the weakest in nature, but he is a thinking reed. There is no need for the whole universe to take up arms to crush him: a vapor, a drop of water is enough to kill him. But even if the universe were to crush him, man would still be nobler than his slayer, because he knows that he is dying and the advantage the universe has over him. The universe knows none of this" (p. 200).

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Appendices

APPENDIX: Interview Guide

Interview questions
- **Part Ⅰ**
- Could you please describe one day of your life, your mood, and also particular aspects you put your efforts into?
- Probe: why did you put your efforts into some aspects?
- Probe: in what circumstances would your mood have been impacted? What would make you happy in your daily life?
- In order to explore how the interviewee allocates his resources and time
- What would you wish to be remembered for having achieved?
- To explore interviewee's purpose of life and his pursuits, which relates to his way of allocating resources
- Do you have a mentor? Who do you most admire and why?
- To explore the interviewee's view regarding what is most important.
- Are there any reference groups you identify with?
- Probe: give some examples of a good reference group which you would accept.
- To explore how the interviewee thinks, whether he regards himself as part of the successful group, and his definition of success
- Who do you feel responsible for?
- To explore the interviewee's view of which is the most important, e.g., the Creator, boss, company, environment, or shareholders
- **Part Ⅱ**
- Does your family life have impact on your work? How about employees?
- Probe: if the answer is yes, in what way does it impact?
- When you go to work every day, in your feeling what kind of place you have been in？
- To explore interviewee's metaphor about an organization
- How do you pick up ideas about business behavior?
- What kind of problems do your clients present? How do you evaluate and select suppliers? Are there any internal controls regarding the process of purchasing？
- How would you describe the purpose of your company? What are those KPIs?
- How to achieve those KPIs? What are your company's strategy and core competence?
- What would you celebrate in your company?
- How would you define a successful organization?
- **Part Ⅲ**
- Do your colleagues talk about their family affairs in the workplace?
- Do your colleagues have different size of office or other resources arrangement due to their ranking or position? For example the parking space. Why?
- Does your supervisor have a car and driver arrangement?
- After work do you often get together with your team members or your boss?
- What aspects do you recognize in your boss? Why? When you have a different opinion than your boss, how would you express your opinion? What do you think your boss has achieved?
- How would you describe the relations of supervisor–subordinate? What are the five most important techniques for dealing with these relations?
- What are the characteristics of a good superior? And what are those for an unpopular subordinate?
- How is it possible to lose influence inside the company?
- **Part Ⅳ**
- What are the criteria for recruiting, promoting, and firing employees?
- Formal education and internal education, which one is more effective? How do these

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	have impact on employee's capacity building?
-	Are there any spaces for employees to speak out about their opinions, feelings, or affect?
-	What kind of employee is easiest to manage?
-	Do you like the mode of current teamwork? How do you see the work of your team?
-	In what do you ensure the effectiveness of your team action?
-	What are the procedures you follow while making a large-scale decision?
-	What would you do when there is no consensus?
-	To explore interviewee's attitude towards knowledge generation
-	Do you worry too much about the outcome of any project?
-	How would you interpret a situation where there is sophisticated planning, which cannot be implemented smoothly?
-	How would you describe your management style?
-	**Part Ⅴ**
-	When you make a choice, what role does fortune play? Do you expect to control everything, or you will think "the fate is like this"? Have you experienced failures recently, why did they happen?
-	Many senior management are concerning about their spirituality. Are you also the same? Does it relate to your work?
-	Does your company emphasize scientific management？ From your point of view, what aspects in your company are considered to be scientific management? What are the corresponding artifacts?
-	What role does technology play? What kind of role should it be playing? Why does your company choose current technology?
-	**Part Ⅵ**
-	To be where you are now, do you have to make any particular sacrifices? In terms of organization's material, spiritual, and social resources, which one does the enterprise lack? How to employ, cultivate, and release such resources?
-	What is the current situation?
-	Is the profession of business respected by the society at large?
-	What is your view on accounting information?
-	How would you interpret anti-corruption?
-	How would you interpret corruption in China?
-	What are those current events you are paying attention to? Do you agree with them or not?
-	How would you interpret "building a moderately prosperous society in all respects" or "rejuvenation of the Chinese dream"?