

Book Review

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The Chinese Transformation of Corporate Culture, Edited by *Colin S. C. Hawes*, London and New York: Routledge, 2015, Paperback, £29.99, Pp. 170. ISBN 978-1-138-85744-5.

‘Corporate culture’ is a significant issue in the business world in any economy. *Yu Guangyuan* aptly noted, “As for development, third-class enterprises depend on production; second-class ones, marketing; and top-class ones, culture.”¹ As economies advance towards increasingly complex and sophisticated industrial structures corporate culture takes on an increasingly important role. It has become *a fortiori* material for making a business firm competitive in today’s knowledge economy, which functions in an environment of global integration. For the workforce, a healthy, progressive and successful corporate culture is regarded as veritable motivation. Rapidly expanding industrial structures of China and Chinese business firms are no exception to this line of logic.

Employees from different countries and cultures perceive the role corporate culture plays in an organization differently. Academic interest in the corporate culture phenomenon in China is of relatively recent origin because China began its rapid industrialization during the decade of 1980s. During this period, China had a poorly-motivated workforce having markedly low motivation level. They were used to producing shoddy products and providing poor service to customers. Expecting workers to be productive and innovative was beyond the realm of reality. Dominance of state-owned enterprises (SOEs) did not help and made thinking about innovative corporate culture irrelevant. Under the old industrial enterprise system, there was no accountability for low-quality products and the motivation of the individual employees was paid little attention.

As China’s industrial sector expanded and a large number of foreign enterprises began entering China to manufacture their products, awareness of corporate culture grew. One reason why the corporate culture related concepts and their transformation caught on was that initially a small number of Chinese firms

succeeded in managing transformation of the behavior of their employees, which in turn was favorably reflected in their growth rate, expansion and profitability. Naturally, there was ‘demonstration effect’. Other firms wanted to follow the leaders. Over the last two decades, particularly since the turn of the millennium, there has been much academic research on corporate culture in China and its ongoing transformation. Business and management journals, both international and Asian, took a lot of interest in corporate culture related research. Consequently a wealth of current literature exists on the various intricate aspects of Chinese corporate culture and the recent transformations in it.

The book under review on China’s corporate culture by *Dr Colin Hawes*, who teaches at the University of Technology, Sydney (UTS) in Australia, is an addition to the same literature. It starts with an introduction, making up for the lack of a preface. It comprises six chapters and ends with a conclusion which is eight pages long. The chapters are subdivided into two parts. Part A consists of the first two chapters and part B the remaining four. This book covers a good deal of ground but does not alas dig into many parts of the economics and management literature on this subject, which might have helped it cover the field more fully. Relating to it and drawing from it would have enriched this endeavor and significantly improved the intellectual quality of the book.

The chapter-structure of the book is, however, reasonably sound. Chapter 1 distinguishes between the Chinese official and academic interpretations of the phenomenon of corporate culture. Chapter 2 focuses on the loyalty of Chinese corporations to the Chinese Communist Party (CCP), regardless of their ownership structure. This included acceptance and support of the official objectives of corporate cultural transformation by the Chinese corporations of different kinds. Techniques used by large Chinese corporations in improving their corporate culture are the subject of Chapter 3. Many of them were borrowed or adapted from the American business school textbooks, while others were specific to China. It addressed the question whether this was merely

¹Cited by Raynaud and Eagen (2013), p. 1.

communist-style thought and behaviour control, or some variation of it. Chapter 4 dealt with the in-house magazines and online forums, which were the principal instruments of spreading corporate culture among the rank and file of employees. The role of the Chief Executive Officer (CEO), who may well be a CCP Party- Secretary, in promoting corporate culture was the focus of Chapter 5. Corporate culture and its transformation in two top-notch Chinese business firms: note of *Haier* and *Huawei* Technologies is taken up in the last chapter. It demonstrated how the two well-known globally successful firms combined cultural indoctrination and an ingenious system of incentives-financial and non-financial-to achieve an outstanding performance of their employees.

In conclusion, the book elaborates on various interpretations and techniques of corporate culture in

China and its transformation. In the Chinese society a business firm is not merely an economic entity. It is as much a social and cultural entity with important objectives to achieve in these areas. In the same vein, a Chinese CEO is not merely a business leader committed to the success of a business enterprise but also a moral and cultural leader. This book will be of use to a wide range of management students, MBAs and others interested in contemporary China.

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