

The effects of Chinese business management practices on business performance

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Abstract:

I. Background theory

In a transition economy, business leaders must adopt certain management practices to ensure the strong performance of Chinese companies. These practices are role-specific and vary according to whether a manager is in charge of environment analysis, operations planning, control and follow-up, for example. They are also strongly influenced by a manager's personality and cultural background, and reflected in the way he or she deals with risk, asserts his or opinions in front of employees, acts in a determined manner, as well as in the methods he or she uses to please, communicate with and interact positively with others, and his or her propensity to use other methods in the Chinese conception of an 'interaction-based society' (Yang, Yu and Yeh, 1989). As company leaders gain more independence, management practices become extremely important. Aside from having an effect on employee behaviour, they can incite employees to take an active role in the company, which in turn leads to better results. Highly complex approaches that rely on seduction not only have a normalising effect on employee work habits, they also influence their attitudes. In our view, Chinese business managers must therefore adopt practices that are likely to produce proactive employees who will help the company gradually achieve high-level performance.

II. Case study

This study involved a two-phase, three-step analysis. In the first phase, Chinese management practices were enumerated and quantified using graphs (critical incidents were grouped together to identify the nature of certain Chinese practices and data was then used for the quantification process). A second phase involved testing our theories using the structural equation modelling (SEM) method of analysis.

III. Conclusion

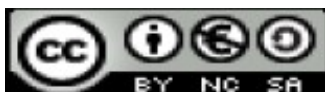
SEM revealed that task-oriented management practices directly effect company performance, while relationship-oriented practices effect employee attitudes. Additionally, employee attitudes towards the company play an intermediary role between relationship-oriented practices and company performance, thus proving that a company manager can create profit by channelling the attitudes of his or her employees.

The results of this study indicate that high-level managers must not only predict the direction that

the company's development will take and adopt a strategic plan accordingly; they must also remain innovative in terms of the technology, products and services they offer. Management practices must be normalised and executive power increased; managers must cultivate a harmonious relationship with their subordinates and show an interest in their work and even in their personal lives. In a market economy, business managers are increasingly autonomous and must take on greater responsibilities and obligations. A combination of different approaches is necessary to run a business well. In addition to relationship-oriented practices that ensure a peaceful social environment, modern business practices based on standardised management methods and rigorous control are required for the company to operate smoothly. The management model used by Chinese business managers is a good example of combining different practices.

By examining how Chinese business management practices affect company performance, this study has provided new insight for the 'upper echelon theory'. Chinese business management methods not only influence strategic choices and financial performance, they also shape employee attitudes towards a company's specific work environment. At the same time, a proactive attitude among employees itself impacts company performance. Business leaders who use mediation to communicate and who show an interest in their subordinates can encourage high levels of organisational commitment and perceived organisational support, as well as a sense of justice among lower-ranking employees. This kind of encouragement can in turn improve company performance.

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