

A STUDY ON THE ENLIGHTENMENT OF CHINESE AND AMERICAN ENTERPRISE CULTURE ON UNIVERSITY CULTURE

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Abstract: Enterprise culture is the soul of the enterprise as well as the important ideological guarantee for the right enterprise system and management strategy, and it also can promote the innovation of enterprise management mode and strategy. As China is getting more and more involved in the international community, an increasing number of foreign companies are investing or operating in China, meanwhile, more and more companies have a presence outside China. More and more companies realize the importance of cultural aspects that can drive tangible factors such as customer satisfaction, employee productivity and turnover, etc. This thesis compares American and Chinese enterprise culture so as to help people to have a better understanding of present situation of Chinese enterprise culture to enhance the strength of enterprises so that they can win in the long-term competition. And it is of great importance to compare enterprise culture between America and China in terms of culture development strategy of Chinese university.

Keywords: American Enterprise Culture; Chinese Enterprise Culture; Comparison; University Culture; Development Strategy

1. Introduction

In this age of increasing cross-cultural interactions, culture of an organization becomes even more important than technology, structure, mission, boundaries or processes, since all these are subject to rapid changes, but its culture evolves slowly and therefore can hardly be changed in a day, preserving the essence or core of the organization. Enterprise culture is the mechanism that acts as a collective mind to hold and interpret organizational values. According to many studies, cross-cultural issues are among the most central and most persistent factors that influence international business activity. When companies operate internationally, they face such cross-cultural challenges as understanding the differences in communication patterns and styles, preferences for leadership approach and style, different principles and notations of hierarchy and organizational structures, and different systems of decision making, as all of these are closely related to enterprise culture. It is evident that a proper understanding and handling of cross-cultural dimensions of management is a prerequisite for successful international management.

This thesis, through expounding the characteristics of American and Chinese enterprise culture, compares the enterprise culture by the example of Intel and Haier so as to help people to have a better understanding about pre-

sent situation of Chinese enterprise culture and find out factors impacting the long-term outstanding performance of enterprise culture in market competition. Also, University becomes important source of talent, who plays significant role in enterprise. The spirit of university culture has seeped into the culture of enterprise. As the major source of enterprise competitive advantage, enterprise culture has a very powerful influence on employee's moral character and behaviors. How to combine the university spirit and corporate culture to connect graduates with enterprise is one of the topics in this thesis.

2. Connotation of Enterprise Culture

Enterprise culture refers to a sum of common sense, values, professional ethics, codes of conduct and guidelines created in social practices in a certain socio-economic conditions followed by all members. It is a unique cultural management with the core of value formed in its own development process. Company creates a culture since its birth. Meanwhile, the culture also molds the company. Enterprise culture is the sum of unique material and spiritual wealth a corporation creates, and it is a system as a whole. Advanced enterprise culture is the celebration security of implementation of enterprise development strategies and the achievement of business objectives. It is the spiritual pillar and power source of an enterprise's

sustainable development. It is the internal code of conduct binding on the business performance, and it plays a decisive role in the enhancement of operating profits and core competitiveness.

“Enterprise culture was put forward from the Japanese miracle of economic development, which made the US-Japan comparative management research boom.” (Zhao Jiangdong, 2013) In 1980s, western management scholars had a kind of new management idea. Then, the focus of the enterprise management research began to run by the enterprise’s economic factors to non-economic factors and focused on the effects of culture on management. The enterprise culture has a significant role in an enterprise’s long-term business performance, which in the next 10 years is likely to be a key factor determining the rise and fall of the enterprise. The competitiveness of the enterprise culture has an important influence on the enterprise’s cultivation and promotion.

Enterprise culture is an enterprise’s characteristic different from others. The values of all the enterprise members will infiltrate the daily production and operation activities of enterprises, affect the normal work behavior and attitude, spirit and business performance, etc. of all employees, which can be inflected through the enterprise’s final product or service, and ultimately determines the enterprise’s market competitiveness. Forecasters say that culture is tomorrow’s economy. To further promote the development of enterprises and make true world first-class enterprises, enterprises must resort to the cultural strength.

3. Characteristics of American Enterprise culture

American companies have played an important role in international economic development in modern history. Their success partly results from their unique culture that suits well with market competition environment. American culture has three distinctive features: individualism, heroism and pragmatism.

Because of individualism, American people admire freedom. Because of their heroism, they adore heroes and great men, and have high spirit for competition. Objectivism makes them respect rules and results.

3.1. Individualism and Worship of Money

Hofstede (1991) asserts that America is a country with the highest individualism and distinctive feature of masculinity.

American people attach great importance to self-interest and pay more attention to working process instead of people’s feeling while dealing with various issues. People are inspired by the achievements of themselves.

3.2. Pragmatism

Pragmatism is a very important part of American philosophy. Whether an invention can be accepted by American people or not depends on whether it can be utilized in reality and whether it has an influence on social life. Pragmatism is also shown in American corporate management and culture. The creation of management science turned management into systematic and standardized procedure that greatly reduced mistakes and ensured the timely and correct operation of big projects.

3.3. Freedom and Equality

Freedom is greatly advocated in America. No institution or individual can deprive of or confine other individual’s freedom except administration institutions executing laws and regulations.

Besides of the pursuit of freedom, equality is also what American people strive for. The concept of equality is shown in every aspect in American people’s political, economical and social life as well as in their culture and psychology. It is also shown in the way American people treat others and their emphasis on the fairness of competition.

3.4. Job-hopping

American people are used to changing jobs for better conditions. They are not willing to always stay in the same place and like to take risks for new chances. Resignation and firing are frequently occurring in traditional American businesses. Statistics show that the average duration for a labor worker and office clerk to stay in one company is about 2 years. Averagely speaking, a MBA graduate changes three companies during 10 years. Even for executives, the average time for them to stay in one company is only 4 years.

3.5. Promotion

High employee turnover rate forced American companies to adopt quick appraisal and promotion methods. Not having significant promotion in three years means a failure, and the employee will feel it unacceptable and change his job.

Besides, American businesses usually pay high salary to motivate their employees. Compensation is mainly connected with employee’s capability and position. There are great differences among the compensation for employees of different positions. “In 1999, the middle level salary for American manufacturing workers and non-managerial employees was \$28,548 a year, and bonus of American CEOs was \$2,300,000 a year.” (Joseph J. Martocchio, 2008)

3.6. Top priority of Quality

One of the experiences of successful American businesses is to win through product quality. They focus on the continuity of high quality and educate their employees to

ensure the quality everyday. The motto of world famous fast food chain corporation Macdonald is QSCV (Quality, Service, Cleanliness, Value). Today's Macdonald has thousands of chains all over the world and the performance of every chain is appraised based on QSCV. Its managers would be fired or franchising right canceled if a chain restaurant failed to reach Macdonald standards. It was written in Macdonald's 1980 annual report, "the first word of Macdonald motto, 'QSCV', is quality ... because quality is what customers like each time they come to Macdonald."

4. Characteristics of Chinese Enterprise Culture

Enterprise culture theory was introduced to China in 1980s and has attracted great attention from Chinese scholars and entrepreneurs since then. As more and more foreign companies set up their affiliates or joint ventures in China, Chinese enterprises also learned many foreign management methods and values that suited for market economy in practice. The history of reform and opening up is also a history to learn from advanced foreign management theories and methods that foreign scholars and businesses summarized from their long history of market economy construction.

4.1. Innovation

Since Chinese people prefer high certainty compared with America, Chinese people lack the risk taking spirit of American people. Traditional Chinese culture appreciates harmony and unification of group. New ideas and changes will naturally break the old order, threatening harmonious human relationship and bringing risks due to its uncertain future. Therefore, gradual changes and reforms are usually more acceptable and effective in both Chinese society and enterprise as Chinese people believe that more haste, less speed.

In planned economy, business success was not connected with personal earning. Business leaders were not motivated to take risks because they must shoulder the responsibility if the reform failed while gaining little even if the reform succeeded. With the development of the Chinese economic reform, more and more private businesses emerged and those state-owned businesses also begun to face competition. As the fate of enterprises being connected more closely to the fate of the management and employees, more and more people would be motivated to take risks.

4.2. Lack of Concentration on Detail and Focus on Result

As it has been discussed in previous part, one of the disadvantages of long history of solely planned economic system is that people got used to life without competition and taking food from the same big pot. Therefore, Chi-

nese business failed to attach much importance on product quality and customer needs in the past. After Chinese reform and opening up to the outside world, socialist market economy was set up in China. Chinese enterprises realized that in market economy, quality is the basis of life and customer is the God. However, since China has built market economy for only about 20 years, Chinese businesses still rank low level in these two dimensions compared with American businesses.

4.3. Employment and Promotion

The life long employment in planned economy is challenged as Chinese economic reform moving forward. However, workers working in contract system are only 6% of the total number of workers in China. Therefore, long employment is still a typical feature of Chinese enterprise culture.

What's more, slow promotion naturally follows long employment. Besides, since traditional Chinese society is ruled by man, more objective standard needs to be introduced for promotion

4.4. Compensation

The idea that regards equal distribution as fair yet still exists in people's mind. The reform of Chinese employment and compensation is still at its initial stage. Compared with America, the compensation difference among Chinese employees is few.

5. Comparison of American and Chinese enterprise culture

5.1. The Enterprise Culture of Intel

Intel, an American designer and manufacturer of computer microprocessor, was founded in 1968 by Robert Noyce, Gordon Moore and Andrews Grove. It is universally agreed that Intel and Microsoft are the most fast-developed, two widely influencing and well admired models in information industry since 1980s. The vice president of Intel, Dr. Yu Youcheng, a Chinese American scientist, published Intel in My Eyes in 1995.

Intel started with the production and marketing of memories before it turned to the production and marketing of microprocessors. Both memories and microprocessors are derived from silicon semi conductor technology while the functions of memories are relatively simple. Memories can only be used to save data while microprocessors are more complicated with different applications according to different ways of programming. The microprocessor in personal computer, CPU, is called the heart of computer. As Intel people claimed that when they created the first microprocessor, that microprocessor replaced huge calculation device with a chip as small as a nail. It opened the new age of integrated circuits and changed sand into gold.

“Technology innovation” is a common feature among all high tech companies. However, Intel’s innovation is closely connected with its logos, “customer first”. As Mr. Yu said, “Although Intel always stressed to win through technical innovation, it never neglected its customer.” The reason why Intel can invent microprocessor is also because it never refuses customer’s request rashly. In 1969, a Japanese computer company asked Intel to develop some customized chips for their programmed computers. From economic view, it is not worthwhile to produce customized chips because with the same input, customized products can be sold only to one customer while standardized ones can be sold to many customers. President Moore designated this mission to experienced Marcian Hoff to see whether he could make it and it would be better if he could turn it into a standardized product and sell it to more other companies. Hoff studied the requirements of the Japanese company and found the logic function can be advantages to competitors. They could search for the way to deal with Intel’s new product before hand. On the other hand, if the new product could not be launched on time or it was not as good as it had been claimed, Intel would lose faith to its customer and be abandoned.

However, supported by the belief “customer first”, Intel firmly publicized its product innovation plan. Moreover, motivated by the pressure to keep its business reputation, they succeeded in developing new products as scheduled. Especially for the 80286 microprocessor launched in 1982, it was not only developed on schedule but had even better quality than expected.

Through those efforts, Intel quickly turned the table and won the support of many customers, especially IBM. Of course, Intel paid special attention to the key account. It set up a group called “special customer department” to provide service only for IBM. In 1984, since IBM launched 286 computer using Intel microprocessor, personal computer quickly became the largest market for Intel microprocessor.

Because of Intel’s firm commitment of future new products to its customer, Intel became a result-oriented corporation. Among Intel’s management objectives, there is no objective such as “we will hold three meetings to discuss marketing plan”, instead, their objectives are those like “we will finish the design of this product before March 31, 1994 and produce one million units.” That is representative of the result -orientation spirit, the foundation stone of unique Intel corporate culture.

Questions Intel people often think over are “how to achieve the planned result in cruel reality? What should I do if I could not reach the goal because my supervisor and I had different viewpoints? What should I do if my partner’s opinions were wrong, yet he was too sensitive to accept any criticism?” After analysis and comparison, Intel people found that the traditional roundabout way to

solve such problems was sometimes effective and sometimes not, but it surely wasted a lot of time. It is obviously harmful to reaching the goal on time. Therefore, Intel people will clearly point out that the supervisor’s opinion may affect new product launching time and support his viewpoint with objective data.

In the last two and three years in 1970s, Intel was lagging behind in the competition with Motorola. After careful analysis, the management of Intel held that every computer company would make careful study before they decided which microprocessor they would buy. General manager, engineer and purchasing staff would be all involved. Intel took unprecedented three measures in 1979. Firstly, place engineers in local companies to support customer in the nearest location; Secondly, hold many different technology seminars for general managers, purchasing staff and engineers all over the world; Thirdly, give every customer a wooden board that can be hung on the wall on which it is written that in which year what product Intel will launch. Intel tried to set up long-term confidence among its customers through its firm commitment to developing new products on schedule, although obviously, it was very risky to release the information about future product.

5.2. The Enterprise Culture of Haier

Haier Group, as one of the representatives of Chinese successful enterprises, has distinctive enterprise culture and attaches great importance to enterprise culture construction. It has eliminated the negative influence of planned economy and learnt from advanced western management science. Haier Group was developed on the basis of Qing Dao Refrigerator General Factory in 1991. The large part of its share is state-owned. It is now operating in many fields, including research, manufacturing, trading and finance, etc. Its key part, Haier Refrigerator Ltd., went public in Shanghai Stock Exchange in 1993. The head office of Haier, the largest household electric appliance development base in China, is located in the Haier Industrial Park in the high tech industrial park in east Qing Dao city.

The most important thing for technical innovation is to have market effect. It is the only way to check whether technical innovation is successful or not. The most distinctive feature of the innovation in Haier is that they focus on not only technical innovation but also the innovation of market and customer. “The most important thing for business is to create customer instead of creating profits. People should not be limited in the present market and the struggle for present share of cake. Instead, we should make full use of our advantages to create customer and market, that is to say, to make another cake.” Creating market and making another cake is also the way to success for many outstanding companies worldwide.

Haier has two slogans: “Customer is correct forever” and “Never say no to market”. They are the real believes of people in Haier that are turned into real actions instead of empty words. The sales strategy of Haier is to “pull” instead of “push”. “Push” means to sell products to wholeseller and that’s all. “Pull” means two things: Firstly, the manufacturer must pull customers to his sides so as to listen to what the customers say, get to know the end users’ suggestion and grasp the ongoing small changes in the market; Secondly, after the manufacturer gets to know the end users’ suggestions and demands, he must not argue with customers based on the belief that “customer is correct forever”. Furthermore, he should design and manufacture new products according to those suggestions and demands so as to “pull” market demand.

The experience of Haier answered a question of great controversy: the development of a company is pushed by technology or customer. Science and technology is the first productive force today. Every company should try to improve the technology in its product. Products contradictory to technology principles will surely have no place in the market. Yet nobody can promise that product following technology principles will definitely have market and the newer and higher technology a product has, the larger market it will have. On the contrary, the example of Haier proved that although it is not a new and high technology, since there are customer’s needs, the product still has market. The greater the number of customer who has the needs is, the larger the market is.

In 1985, 76 refrigerators of Qing Dao refrigerator general factory were not up to quality standards. There were two economical ways to solve the problem. The first is to repair those refrigerators. Since there were no huge problems, it was not too difficult to fix it. The second is to cut down their price and sell them. At that time, Chinese people did not have too much money. This way could also work. However, what Zhang Ruiming was thinking was not only financial problem but also how to educate and change the thought of the workers. He found a solution: to ask the responsible workers to strike and destroy the 76 refrigerators with hammer in public! It triggered every worker’s dignity and desire to be a high quality person who makes high quality product. It destroyed worker’s wrong belief that quality problem is nothing too important and set up the belief as emphasizing on quality and creating famous brand. As long as there are products in the market that are better than Haier refrigerator, we must surpass it. Sell our products in developed countries to exam our quality and build our brand.

To be able to win in market competition, product quality is important and service quality is even more important. Many managers always complain about sluggish market. They often search for demand from state development plan or order placing meeting. But they forget to search for demand in end user’s chatting and their direct com-

plaints. Some people are even afraid of facing complaining users and their calls. But excellent entrepreneur knows how precious the user’s complaint is. They know that the market they searched for so hard is in customer’s suggestions and complaints. Many of the markets newly developed by Haier came from their user’s complaints.

Haier sets up three service objectives: “no product deficiency; no complaint from users; no worry about service.” Haier also provides all kinds of information about their products to the public to solve customers’ trouble in making decisions and help customers to transport the goods to their home. Once Haier products were sold, Haier people would carry out their “one, two, three, four service modes”, that is to say: One result: customer is satisfied; Two ideas: take away customer’s trouble, cut trouble to zero; leave Haier’s sincerity forever; Three controls: service complaint rate is lower than one out of one hundred thousand; service missing rate is lower than one out of one hundred thousand; service dissatisfaction rate is lower than one out of one hundred thousand; Four non-missing: not miss anything while recording those problems customers mentioned; not miss anything while dealing with those problems customers mentioned; not miss anything while informing manufacturing department of the problem solving results; not miss anything while executing follow-up service and information collection. Today, Haier is the only company in refrigerator industry that won the national quality control award.

6. Conclusion

This thesis made a comparative study on different enterprise cultures of Chinese and American organizations. Culture is the greatest moderator and is possibly the most important situational variable affecting organizations, especially those with people from different cultural backgrounds working together. The culture of an organization is strongly influenced by its national culture. The two countries compared, China and the US, are characterized as having very different power distance and individualism levels: China has large power distance and people tend to be collectivists, whereas US has known to be a low power distance and individualistic country. These differences lead to different management style and organizational culture: in China there is more structure and less consideration as compared to the consultative management style and less supervision preferred in the United States.

“Unlike the Chinese who are greatly influenced by the teachings of Confucianism, Americans come under the influence of protestant work ethics, which is regarded by many as one of the cornerstones of national prosperity.”(Zhou Mei, 2003) America is a country with the highest individualism and distinctive features of masculinity. Still more, Americans value the spirit of venture and pioneer. The work values is directly linked to distinct fea-

tures of American enterprise culture, such as respect for individuals, being pragmatic, valuing the customer, innovation and competition, etc.

“Chinese enterprise culture constructed now should have distinctive Chinese characteristics on the basis of learning from foreign enterprise culture.”(Ping Yan, 2010) No matter how advanced the enterprise culture is, it should be compatible with Chinese national conditions of building a socialist market economy, and be suited to Chinese realities of enterprise reforming and the establishment of modern enterprise system to achieve a high degree of unity between theory and practice. Then this kind of enterprise culture can obtain optimal results. When we are treating foreign cultures, including the advanced, we must adhere to the principle of “abandon its dross, and obtain its essence”, stick to closely seeking truth from facts. Chinese enterprise culture should be the production of modernization of modern enterprise production and operation management. Tied with the actual

situations of our enterprises, we can make bold innovation, and strive to explore, establish socialist enterprise culture with Chinese characteristics.

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