

Russian managers employed in Chinese Manufacturing Enterprises: Decision making style and Cross-Cultural Misunderstanding

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Abstract – In this research authors investigate the question of decision making style of Russian managers, employed in Chinese Manufacturing Enterprises, and cross-cultural misunderstanding with the Chinese counterparts.

The essence of decision making style of Russian managers was investigated to help to solve the problems of mutual cross-cultural misunderstanding. 38 Russian and 21 Chinese managers from 33 Chinese enterprises were interviewed. The purpose of this paper is to make a preliminary analysis taking into account of both Russian and Chinese managers' positions.

The Chinese and Russian cultures differ widely in their values; that kind of difference produces many attitudes and behaviors. This paper is studying the differences between decision making styles of Chinese and Russian managers from the cross-cultural point of view.

Keywords: Russian Manager in Chinese Manufacturing Enterprises, Decision Making.

I. INTRODUCTION

In recent years, more and more Russian specialists in the field of management graduate from Chinese universities. Alumni, students, specialists in the Chinese Language have no problem in finding jobs in Chinese companies. In this research the object of study were Russian Managers in Chinese industrial enterprises specialized in manufacturing.

To conduct a research literature devoted to decision making theory and cross-cultural management was reviewed.

A decision is the "the passing of judgment on an issue under consideration" [1]. Decision making is therefore the

act of reaching the judgment or conclusion. In the enterprise context, decision making is recognized as one of the most important functions of management [2]. Studying the decision making matters is undoubtedly important, because managers' decision making is responsible for determining the future of the enterprises and organizations through making strategic decisions.

II. LITERATURE REVIEW

From Trompenaars' works, it is clear that China and Russia belong to same organizational structural type [3], [4]. Organizational structure of both Chinese and Russian enterprises belongs to the "Family" type [5], [6]. In China, the family enterprises with strong centralization and weak delegation of power have been shaped [7]. Also, for better understanding the challenges of Russian management in the Chinese environment, it was deemed necessary to review literature reflecting the characteristics of the management in China [8].

Additionally, most of the authors agree that the enterprises in the Peoples' Republic of China significantly bear the influence of state. These have been direct consequences of the influence from the USSR in 1950s [9].

It is commonly known that decentralization and delegation of any rights to foreigners is undergoing, if ever, with significant difficulties [5].

Thus, peculiarities of Chinese enterprise's structure and cross-cultural background affect the process of decision-making

A large amount of publications in the field of academic management was devoted to the problem of decision making.

Such authors, researchers as C. Jung [10], H.A.Simon [11], A.J.Rowe, J.D.Boulgarides [12], S.P.Robbins [13], M.G.Martinsons [14] contributed a lot to the understanding of the decision making process.

The opinion that decision making is a fundamental activity for managers is shared by many contemporary scientists [14]. Decision making process was defined as ‘the essence of the manager’s job and a critical element of organizational life’ [13]. Herbert Simon, who received his Nobel Prize in 1978 for “for his pioneering research into the decision-making process within economic organizations”, suggests that decision making is synonymous with managing [11],[14].

Recently, the Russian managers working in China are being offered information of better quality on legal and economic aspects of their activities (for example, Consulting Group China Window). The industrial and business leaders are offered more in-depth training and education [15].

III. METHODOLOGY

In research we primarily used qualitative methodology. We elaborated sets of different semi-structured and non-structured interviews for a best matching combination of different data sources in a unified analysis [16].

Earlier it was found out that people have decision making styles that correlate with their cognitive styles [17], [18].

Along with the literature about decision making the author paid attention to the literature about two proper influences on the decision making process – cultural dimensions and cognitive styles.

Cognitive perception is supposed to be ‘another major influence on decision making’ [14]. What is cognitive style? Messick defines cognitive style as ‘individual differences in preferred ways of organizing and processing information and experience’ [19]. There is another definition, cognitive style is an individual difference in how people perceive, think, solve problems, learn, and relate each other [20]. In recent years a lot of attention was paid to the cognitive styles in the education and managerial literature. At first cognitive style research was mainly focused on the problem of defining differences between analytical and intuitive thinking, but later it was that ‘cognitive style is a complex variable with multiple dimensions’ [21].

Some researchers invented different research tools to provide a full picture of cultural differences across the nations. One of the most famous and significant figures in the field of cross-cultural management is Geert Hofstede, Dutch researcher who described four dimensions of culture that help to show why and how people act and behave in different situations. The basis of his well-known research is the data received from two questionnaires with more than 116000 respondents from over 70 different countries around the world. This is the biggest research that has ever been organized. All the respondents were employees of the local IBM subsidiaries, his focus on just one country was severely criticized by other researchers. Hofstede answered as follows: “The only thing that can account for systematic and consistent differences between national groups within such a homogenous multinational population is nationality itself.

The national environment in which people were brought up before they joined this employer. Comparing IBM subsidiaries therefore show national culture differences with unusual clarity” [22]

Hofstede’s study [23] is still very important for additional research. The four dimensions Hofstede examined are:

Power distance is the extent to which less powerful members of institutions and organizations accept that power is distributed unequally.

Uncertainty avoidance is the extent to which people feel threatened by ambiguous situations, and have created beliefs and institutions that try to avoid these.

Individualism is the tendency of people to look after themselves and their immediate family only.

Masculinity is defined as a situation in which the dominant values in society are success, money and things.

For purposes of this research we suggest that decision making process (hereinafter DMP) is a function with just two variables – cultural dimensions (hereinafter CD) [23] and cognitive styles (hereinafter CS) [17], [21] –

$$DMP = f[CD; CS] \text{ (See Figure 1)}$$

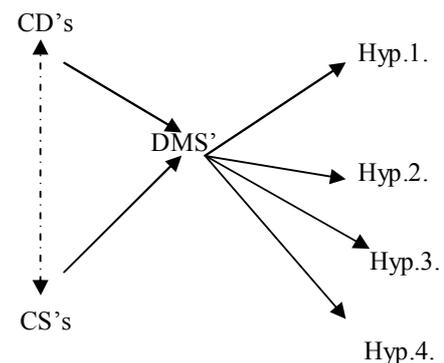


Figure 1. CD-CS-DMS research model

The basic method of our research was interviewing of the Russian and Chinese managers. The interviews were non-structured. In total, 38 Russian and 21 Chinese managers were interviewed. Their age ranged between 30 and 55, and their operational experience ranged from 5 years or more. In total, 33 Chinese companies were included in the research.

The set of the interview questions, or the list of the issues to cover, was based on known problematic issues within organizational structures.

An important remark - the mutual interaction between cultural dimensions and cognitive styles wasn't researched in this paper, but the authors propose and invite other colleagues for further research and investigation.

IV. FINDING AND ANALYSES

We considered appropriate to interview Russian managers who are employed in Chinese enterprises. A viewpoint on the problems they face in a daily work may significantly contribute to elaboration of a suggested managerial model for the future.

From our interviews with these people, we categorized the issues they brought up into three groups of problems, such as (1) related to job description gaps and mismatches; (2) lack of delegation of authority; and (3) over centralization of power. Besides that they raised one more set of problems: the issue of informal (or shadow) organizational structure and favoritism at the Chinese entities.

The freelance managers pointed out the differences in motivation. It is quite common, at Chinese enterprises, besides gratuities and bonuses of any kind, to encourage the employees via mentioning their successful performance at meetings, putting their photo on the honor board, and so on.

Apart from that, there are difficulties of adaptation to many culture related issues. In spite of resemblance of the business cultures [3] and organizational structure of Chinese and Russian enterprises [8], communal conformity and collectivist are far widespread in China: it is common to live (in a working unit) as one family in a dormitory, and do the things together. A Russian manager has normally got used to a much larger degree of individuality. The living conditions and nutrition as such are often unacceptable for the Russians. All the interviewees in this category pointed out they experienced salary payment related problems. They agree that if the Chinese leadership seriously takes into consideration the issues listed above, the output and performance from such self-employed managers as they are would be far greater. As for Chinese position to Russian managers we find the following: as positive Chinese bosses noted, that Russian managers have a high qualification. As negative, Chinese bosses noted that Russian are not punctuality, does not like meeting and overwork time. However, according to the Chinese subordinates' interviewees, the Russian manager do care more about the workers comparing with the Chinese peers, pay more attention to their quality of daily life, education and training, which contribute to higher performance of the workers. Almost all the interviewed Chinese managers were considered the Russian specialists being just observers and guests, but not colleagues and like-minded people. Some Chinese employees, especially in sales and supply departments, do not understand completely what the Russians do at the enterprise. The latter has been a serious administrative problem of both Russian and Chinese top managers.

Also after the theoretical analysis of cultural dimensions related to Chinese and Russian cultures it was hypothesized that:

Hyp.1. - the decision styles of Chinese managers are comparatively more directive than those of Russian managers

Hyp.2. - the cognitive styles of Chinese managers are comparatively more knowing than those of Russian managers

Hyp.3. - the decision styles of Russian managers are comparatively more conceptual than those of Chinese managers

Hyp.4. - the cognitive styles of Russian managers are comparatively more planning than those Chinese managers

Further research is strongly needed to validate and maintain the above-mentioned hypotheses. Because of the nature of the hypotheses, the author thinks that survey procedures would be more appropriate than experimentation for testing them.

V. DISCUSSION AND CONCLUSIN

We must certainly point out that a Russian manager in China must not only fulfill their duties and contribute to performance of the enterprise, but should also expose a necessary degree of tolerance towards the Chinese and their culture. It is necessary to do one's best to understand and learn the culture related issues so that direct these knowledge not towards one's career development, but for the sake of performance of the enterprise as well. According to our opinion, the ability to become and integrated part of a Chinese collective while keeping one's own national cultural characteristics is a critical aspect of both personal career growth and the enterprise's prospects of success.

The major problem is to build up a mutually acceptable organizational structure in a way so that the core of technology of manufacturing should be properly conveyed to all the Chinese workers. The degree of success of solving this issue is directly related with the enterprise performance and output. It is necessary to point out that the Chinese employees do not properly understand that such aspects as prestige and quality are much more important than quick profits and return. Therefore, an important role in the organizational structure belongs to employees possessing cross-cultural skills, who are not just interpreters or translators, but those who are capable to give a timely advice to leaders and managers on how certain things should be handled with the Chinese personnel and in China in general.

We found out that the Russian managers, especially younger ones, did not know about existence of the Chinese Communist Party (CCP) committees at the working units everywhere at the enterprises. As a rule, the Chinese are trying not to expose the Party matters to foreigners, and we believe this is a wrong strategy. Considering that the Secretaries of these committees are very skilled managers in human resources development and possess real authority as leaders, we would like to recommend the Russian colleagues to be in closer touch with the Party cells in the industry believing that, as the result, many issues could be resolved positively and faster.

Overall, in our research we confirm the conclusions made in the literature. While committing to work in the People's Republic of China, it is very important to consider the factors

of organizational change, due to existing adaptation to the Chinese leadership style. It is strongly desirable to have a team of people with in-depth knowledge of Chinese language and culture as a safety layer against these bumping challenges.

Ideally managers of different levels should be included in the further study in order to get better understanding of the decision making process both in Chinese and Russian enterprises and corporations. The above-mentioned hypotheses, if tested, can help Chinese and Russians firms that are operating in multinational markets to identify some of the inherent differences in the behavior of their employees and counterparts. Also the results of the further study will contribute greatly to the research of the interactions between Chinese and Russian business and help to develop better cooperation between two countries.

Follow-up-Research

We are also planning to search the problems of the Canadian managers in China. Canadian manager is representative of the classical management. In our future research we will further compare the problems of Russian and Canadian managers in Chinese enterprises.

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