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COMMUNICATION AND MANAGEMENT IN A TRADITIONAL
CHINESE/THAI POULTRY COMPANY

A Thesis
Presented to the
Faculty of
California State University,
San Bernardino

In Partial Fulfillment
of the Requirements for the Degree
Master of Arts
in
Interdisciplinary Studies

by
Nattakan Rasatapana
March 2003


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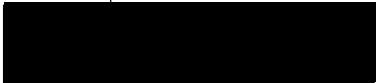
March 2003

Approved by:


Mary Fong, Chair, Communication

3/12/03
Date


Rueyling Chuang, Communication


Kevin Lamude, Communication

ABSTRACT

In Thailand, Rian Thong Feed (RTP) Company is owned by Chinese people. The Chinese owners employ a traditional Chinese management style which is a didactic style of leadership. The owners of RTP uses a Chinese management style which is described as a tight reign of control (especially with reference to financial information), and a one-way mode of communication (top-down) within its organization. The company has been dramatically growing for the past 20 years. However, the management structure of the company has not changed to accommodate the organization's growth. Currently, the organization is experiencing increased turnover and high absenteeism. The purpose of this study is to identify the current threats and weaknesses facing Rian Thong Feed Company, in terms of decision making, job description, communication and management structure.

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CHAPTER ONE

BACKGROUND

Introduction

In Asia, people of Chinese origin have a remarkably strong presence in trade and industry. This paper investigates one organization in Asia, particularly in Thailand, in how it demonstrates characteristics of a Chinese family business (CFB).

The CFB is a typical structure of organization, characteristic of the traditional Chinese, who have a powerful economic position in all Asian countries (Tam 1990; Redding 1990). Not surprisingly, CFB systems dominate in most Asian economies (Redding 1990; Whitley 1992a; Nishida & Redding, 1992).

East Asia is known as the Confucian cultural zone, Confucianism plays significant role in how people should live their lives, guidelines for social relationships, understanding of power and authority, of the links between the individuals. In East Asia collective or group based behavior is expected and promoted, while in the West, individual choices is accepted and even promoted. cultures within the Confucianism are considered collectivism, which is marked by a strong sense of duty. Individualism is

achievement oriented, and it promotes capitalism and liberalism. USA might be the prototypical system (Triandis, 1995).

With regard to the level of collectivism/individualism in Asia, this region is very collectivistic in nature. This high level of collectivism found in Asia emphasizes ideals of harmony and unity (Kartodirdjo, 1972; Schwarz, 1994). According to Triandis (1995), while individualism is defined by loose ties between persons and a strong need of personal freedom, collectivism is defined by strong, unified groups based on loyalty between the members (Hofstede, 1991). Individualism highlights independence, while in collectivism interdependence is more important (Markus & Kitayama, 1991).

The Chinese expression, "Shang Chang Ru Zhan Chang" means, "The market place is a battlefield". This statement sums up the Chinese view of the business. The Chinese family business (CFB) has been the major form business in Thailand. The domination of Thais of Chinese origin leads to the expectation that we will probably find a management system to be structured in much the same way as the 'Chinese family business' (CFB) system.

In the traditional Chinese family business management style, authority is connected to a person. It is accompanied with a high level of centralization of power. The authority relations are characterized by paternalism. The father represents the highest authority: all-important decisions are made by him, and all family members have to obey the father figure (Mulder, 1989). The father, in turn, is obliged to take care of his subordinated group members (Mulder, 1978). This paternalism involves a high degree of centralization of power and authority in families, personal arrangements with the father are likely to be more important than formal contracts, rules, or procedures.

The Asian family business draws on a Confucianism philosophy. The importance behind the family business is relationships and their obligations, particularly those of father to son and brother to brother, and the values of reciprocity and respect. The Confucian values of the family, acceptance of authority, moderation in all things (the Middle Way) and the limits to personal ambition in favor of the good of society as a whole are seen as necessary, (Bruce, 1998).

Confucianism focuses on the relationship between man and man, which is defined by five virtues:

humanity/benevolence (*ren*), righteousness (*yi*), propriety (*li*), wisdom (*zhi*), and trustworthiness (*xin*). Another focus is on the five relationships between father and son, ruler and ruled, husband and wife, elder brother and younger brother, and friend and friend [this pair is equal in position] (Xing, 1995). These are the relationships of a society where all are kept in order. Society is seen as a hierarchical system of roles which require norms governing how people should act and behave in relation to people in other roles. Social hierarchical relationship of subordination and superiority is considered natural and proper. Beside of working performance, obedience, loyalty, politeness, and reciprocity are also required. Protest, disagree, and criticism are inappropriate. Questioning the social order is forbidden. In the paternalism and emphasis on kinship, Confucianism requires a commitment to a harmony of the society. Confucian principles provide the basis of respect for seniority and ceremony.

According to Bruce (1998), the heart of the Confucianism is humanity/benevolence: in a word *Rin* (or *ren*). It states that in society there are the qualities of benevolence, humanity and love and that parents and teachers have to cultivate *Rin* in all its aspects. In support of *Rin* there is *Li*, meaning rituals, ceremonies

and how to behave. Then there is *Yi*, meaning duty or righteous behavior. There is also *Chi* (or *zhi*), which means wisdom, derived from both history and experience. Another virtue is *Chung*, meaning reciprocity: 'Do not do unto others what you would not have them do unto you.'

Confucianism is prevalent after 2,000 years that it cannot be ignored. It still forms the basis of most business practices. An understanding of Confucianism is essential for the business person.

According to the Confucianism, family businesses normally include five groups of people: the core family member, close relatives, long term employees, distant relatives, and non-related employees. The core family members are in the dominant positions. The success or failure of the company directly affects the survival of the core family (Mulder, 1989).

According to Montagu-Pollock (1991), a leading author on Asian Business, It is very important for Chinese business people to maintaining and developing "*guanxi*". *Guanxi* is a network mechanism that provides informational and helpful support sources. Business people heavily depend on business opportunities and credit lines provided by their *guanxi* network. Business owners are expected to honor their financial obligations, be loyal to their

friends, offer support to other business people, and maintain a reputation of fairness. A successful *guanxi* operates on a reciprocal relationship between the network members and the individual business owners (Chen, 1995).

Economic Environment of the Poultry Industry in Thailand

The poultry market has become Thailand's major industry. Since 1997, Thailand has suffered from the devaluation of Thai currency, from Twenty-five Baht per One US Dollar to Forty-two Baht per one US Dollar. This economic crisis has negatively impact many major industries in Thailand, (e.g. real estate, financial, and automotive). However, the export industry, relatively to the poultry market, appears relatively unaffected by this crisis. Since 1997, there has been an increase in import demand for Thai poultry products (e.g. feed products) particularly by Japan and the European Union (EU).

There are more than 60 poultry companies in Thailand that serve as RTF's competitors. The need for chicken feed in Thailand is currently more than 200,000 tons a month. The largest chicken-raising provinces in Thailand are *Chaxheongsao, Naknon-pathom, Suphanburi and Ratchaburi.*

RTF's current monthly production volume is around 17,000-20,000 tons. According to this production, RTF is

ranked among the top poultry feed production plants in Thailand.

Introduction of Rian Thong Feed Company

Rian Thong Feed Co., Ltd. (RTF), a poultry feed manufacturer, was founded in 1976 by Surasak Charuspollert and Poonchai Tanvettiyanont, the two founders are rich with experience. Surasak has ten years of retail experience and Poochai has 5 years of accounting and real estate background. The founders launched this company with 1 million Bath, which translated roughly into U.S. of \$40,000. The first plant was built in Samutprakarn, a suburban area 15 miles from Bangkok. The first major capital investment was a hand operated feed machine that produced approximately 1,000 tons of feed per month. Initially, three individuals were hired to operate the machinery.

In 1976, the leader of the poultry market in Thailand, Charoen Pokkaphan, refined approximately 8,000 tons of feed per month. When compared to the leader in the industry, RTF captured a very small percentage of the market. However, RTF was determined to carve out their niche by providing superior quality feed, at a competitive price and offering customer that was second to none.

The management structure of the organization consisted of two individuals: Surasak and Poonchai. RTF lacked a formal management structure. Surasak spearheaded the main duties and responsibilities of marketing and purchasing while Poonchai took responsibility for the accounting and financial matters. Both individuals assumed the role of sale representative for their company. They personally marketed their product to local farmers often traveling over 250 miles to meet with their clients.

The mission statement of RTF has remained unchanged since 1976; to provide poultry feed at a reasonable price, without compromising the quality. And the company slogan reiterates this sentiment: "Rian Thong: The superior poultry feed."

Growth and Development

The 1980's. During the 1980's, RTF experienced tremendous growth. The revenue quadrupled from the previous decade. However, the management structure remained virtually unchanged. The only notable change in the structure occurred when Somchai Tanvettiyanont, Poonchai's brother joined RTF as a production manager.

RTF prided itself on product quality and customer service. The company considered itself "second to none". Surasak, the owner, personally contacted clients to

determine the needs and concerns. If customers reported a problem with the product, Surasak would immediately address the concern since he had direct contact with the operating manager.

During this period, the plant's capacity expanded to accommodate the increasing demand of poultry products. The maximum capacity reached 4,000 tons/month. Fifty additional employees were hired to work in the production function.

The 1990's. The 90's brought about a new series of challenges and opportunities. The plant in Samutprakarn had reached its full capacity. Surasak, Poonchai, and Somchai made an executive decision to investigate the idea of opening up a new plant in Nakornprathom. It is 65 miles away from the old plant in Samutprakarn. They invested U.S. \$2.4 million of RTF's retained earnings and financed U.S. \$3.6 million through commercial loans.

However, the only change in the management structure during this decade was the promotion of Somchai to plant manager. RTF also hired Suksan (who was not a family member) as their chief production manager. A year after hiring Suksan, many problems evolved; the quality of feed declined. Suksan was using his own formula for the feed mixture and the company was losing customers to the

competitors. The machines that were purchased in the late 70's were becoming antiquated and the mechanical problems were causing production delays. The customers were expressing discontent because their orders that were normally delivered on time were delayed. As the production capacity increased from 4,000 tons/month to 20,000 tons/month, the employee workforce also increased from 50 to 120 employees. One hundred and ten of the employees were plant operators and ten were administrative staff members.

Current Situation. Years of 2000's brought about changes in the management structure. Kawee Chamruspollert, Surasak's son, joined the management team at RFT as a plant manager. He graduated from the University of San Diego with an MBA degree. Herein lies the organizational impasse; the traditional Chinese management style colliding with the new generation of Chinese management that attempts to provide a marriage between Western and Eastern ideals.

Problem Identification

I would like to identify the current threats and weaknesses facing Chinese/Thai family owned businesses that have out grown their current management practices and

ideals. The proposal will outline practical solutions to the problems by:

1. Providing a current review of scholarly articles on Asian management practices and styles (to gain a better understanding and appreciation of the current management system).
2. To focus on this issue, in the present article, the findings of a study in Chinese family business communication and management structures will be presented: the communication and management structure of middle size Poultry Company in Thailand embedded in its context and compared and contrasted with CFB characteristics.
3. Offering field study interviews with local Chinese owned businesses in an effort to bridge the gap between the theoretical world and the practical world. The results will be compared and contrasted with CFB characteristics.

Data Collection Method

In an effort to untangle the barriers and problems faced by Chinese family business (relative to their communication and management practices), I would conduct

interviews. Data were gathered about the communication and management system of Rian Thong Poultry Feed Company in Thailand, which employs the CFB management system. Most of Chinese businesses in Thailand are small to middle-sized family firms, including Rian Thong Company. This company can be considered as industrial producers, i.e., running a factory and employing a number of employees. This company responds positively to the request to co-operate in the study. The purpose of this qualitative study is to investigate the communication structure and to obtain insight into the Chinese/Thai family business management structures. The interview provides "real world" examples of how Chinese family business incorporates traditional values with Western ideals.

The list of forty-nine interview questions and topics were developed. About 25 minutes in-depth interviews were conducted with the owner and top managers including ten employees. Manager and owner were asked about their decision-making process, authorities, job responsibilities, communication strategy, and management style employed in the organization, including the relationships among workers in the workplace. Further, to gain information about the level of cooperation between the executives and their employees and customers,

questions were asked about the relevance and nature of information sharing. Finally, questions about the basis of colleague's relationships were discussed, which involved a discussion about the relevance of formal contracts, trust, respect, friendship, and kinship.

The tape recorder was used during the conversation. The interview is conducted by two people, one asking the questions and one taking note. The language used was Thai. The data was translated to English. The results were fed back to the respondent in order to check the accuracy of the information in the report. All of the responses of the ten workers were held in the strictest of confidence by the researcher. Their names are not revealed. The participation in this study is totally voluntary.

However, please keep it in mind that this is only a case study of a specific company. Due to the time and budget limitations, it is impossible for the investigator to conduct the interviews to every worker in the company. Therefore, the findings of this study may not be generalizable to all other Chinese family businesses. However, I believe that my results do contribute some insights into a type of communication and management style that can be found in the middle sized Chinese family businesses in Thailand.

Research Questions

- RQ1: What is the decision-making process of the company?
- RQ2: How do ambiguous job descriptions cause the problems for the company?
- RQ3: How do management workers communicate to their employees?

Definition

Individualism - Individualism emphasizes independence and belief in the importance of the individual. The belief is that society exists for the benefit of the individual whose pursuit is personal happiness and independence rather than collective goals or interests. Individualism is defined by loose ties between individuals and a strong need of personal freedom. Individualism is defined and measured regarding individual's goals or interests while collectivism is defined and measured by items favoring groups.

Collectivism - collectivism is defined by strong, cohesive groups based on unbreakable loyalty between the members in the society (Hofstede, 1991). Collectivism is a cultural dimension in which people expect others in their group to look after them and protect them

when they are in trouble (Management; pp145).

Collectivism pertains to societies in which people are integrated into strong, cohesive groups, which throughout people's lifetime continue to protect them in exchange for loyalty

(<http://homepage.psy.utexas.edu>).

Collectivism ranking typifies societies of a more collectivist's nature with close ties between individuals. These cultures reinforce extended families and collectives where everyone takes responsibility for fellow members of their group.

(www.cyborlink.com/besite/hofstede.htm).

Paternalism/patriarchalism - the style of patriarchy in the Chinese/Thai a culture is characterized by men ruling the family. The Chinese/Thai culture has men as the most powerful members. Characteristic of a paternalistic culture is that it is ruled by a father of a family; a man in the role of father and head of a household and respected and experienced senior man within a group or family. A style of management, or an approach to personal relationships, in which the desire to help, advise, and protect may neglect individual choices and personal responsibility. The father is the only one who's telling people what is

best. Paternalism and patriarchalism is used interchangeably in this study.

Job Description - official list of employee's

responsibilities: an official written description of the responsibilities and requirements of a specific job, often one agreed between employer and employee.

Confucianism - relating to the teachings of Confucius or his followers, emphasizing self-control, adherence to a social hierarchy, and social and political order.

Guanxi - is a network mechanism that provides

informational and instrumental support sources.

Chinese businesses are heavily dependent on business opportunities and credit lines provided by their guanxi network.

Top-down communication: - a kind of communication that is controlled by the most senior executive people: having all control in the hands of the people at the most senior levels. Starting at the top executive level and working toward lower working level.

Bottom-up Communication - a kind of communication that has a very open process, where the employees are, sometimes, involved in the whole process. This system reaches out all the workers in the company and full them in. it gives them opportunity to get involved in

the communication process. The lower level workers have chances to present and reflect their opinions back to the top level of management.

CHAPTER TWO

LITERATURE REVIEW

There is no question that research on business management and communication system of Chinese Family Business (CFB) has grown rapidly in the global economy in the recent decades. The variety of research and number of researchers represented in a new volume on these topics is indication to the variety and richness of work being done in the field.

The intended audience is those who are studying Chinese management and firms, yet the research represented here have important implications for organization theory more generally and will also appeal to non-academics and managers in the firms that interact with Chinese organizations.

Ji Li, Naresh Khatri, and Kevin Lam (1999), discuss the recent changes in societal culture that have taken place in major Asian Chinese societies. For several decades, researchers have attempted to conceptualize and measure differences in societal cultures. The studies have shown that culture has a significant influence on management decision-making (Schneider & De Meyer, 1991), leadership style (Dorfman & Howell, 1988). Further, Adler,

(1986), indicates that societal culture has relatively greater influence on management practices than does organizational culture.

In the Chinese culture, there have also been many studies (Chinese Culture Connection, 1987; Hofstede, 1980, 1983; Hui & Triandis, 1986; Redding & Pugh, 1986). These studies have identified a most important characteristic in Chinese culture, which is family-oriented collectivism. For example, Hofstede (1980), in a sample of 40 countries, found that while the Americans scored the highest on individualism, major Chinese communities in Asia such as Hong Kong, Taiwan and Singapore, scored the lowest. Other authors have also shown that the Chinese societies emphasize collectivism. Triandis (1995), further observed that, although East Asia and Israeli kibbutz both have a collectivistic culture, people in East Asia avoid confrontation and would rather tell a lie than cause anyone to lose face while those in Israeli kibbutz often have intensive discussions that may result in people losing face. The East Asian collectivists are more likely to stress interpersonal and group harmony than those in Israeli society. Some authors have also suggested that the collectivism in Chinese societies puts more emphasis on hierarchy and family values (Bond & Hwang, 1986; Smith &

Bond, 1993). The reason for the above emphasis lies in the heavy influence of Confucian philosophy on Chinese culture.

K'ung Fu Tzu (Confucius), the father of Confucian philosophy, was born in 551 BC in the Lu province of China. He was a philosopher who advocates ethics, morality, and respect. Nearly 2000 years after his death, the Han dynasty that ruled unified China, adopted Confucianism (Mente, 1994). Confucianism highlights behavior that promotes harmonious relationships relative to five codes of behavior which influence one's relationship to superiors, parents, a spouse, elders, and friends include justice, filial piety, separate roles, hierarchical order, and trust (Martinsons & Westwood, 1997). In each of these relations, persons should behave according to their positions and perform their roles. The majority of the five relations involve family members (Sheldrake, 1999).

According to Confucianism, the Chinese family business (CFB) is a flexible concept. Five groups of people define the Chinese family businesses; core family members, close relatives, long-term employees, distant relatives, and non-related employees (Chen, 1995). However, core members clearly dominate the family

business. The business is considered the private property of the core family. Top management positions are still occupied by key family members (Han, 1992).

One of the most important cultural values in Chinese culture is family-oriented collectivism (Hofstede & Bond, 1988). This value has much impact on the structures and strategies of Chinese firms. Influenced by this value, traditional Chinese firms prefer family ownership and stress hierarchy and centralized decision making, which influence the business strategies of these firms (Kwok, 1990).

According to Xing, Fan, (1995), the primary of Chinese culture includes: Confucianism, Chinese familism, group orientation, Chinese ideal of life, Chinese character, and Chinese mindset. The cultural system affects all aspects of Chinese social lives including business management. The family-oriented collectivism in Chinese societies has a significant influence on business strategies of the traditional Chinese firm (Hofstede & Bond, 1988). The influence is so strong that, even after Chinese have been in a foreign country for a long time, the companies set up by them are still more similar to traditional Chinese firms in their communication and management structure (Redding & Whitley, 1990).

Gordon Redding, (1990), a professor at the Business school of the University of Hong Kong, stated that the world has five major management structures for business success. Three of them are Asian: the Korean, oversea Chinese, and the Japanese. All three management systems have benefited from Confucianism, though each of them has developed a unique system based on their historical development. The Chinese Family Business (CFB) system is regarded as a distinct organizational pattern: other distinct business systems such as the Korean chaebol, the Japanese *ringi* system (Whitley, 1994). The following section will outline similarities and differences in management styles within the Asian cultures in order to conceptualize the idea of how each country develops their management system based on influence of Confucianism.

Japanese Management System

The traditional Japanese business structure is strictly organized and extremely hierarchical (Kustin & Jones, 1995). In contrast to the Korean and Thai management styles in which the degree of delegation is very low, each department in the Japanese company has an independent power center. Department managers have the power to make decisions, at some degree. They often

command the same level of respect and authority as the company's president (Post, 1995).

"Family" in Japanese has two meanings: one is the idea of the family based on the blood relationship; the other is the idea of the family based on adoption. The Japanese strongly believe that the wealth of the family business should be protected and expanded by a capable person (no matter if this person is blood related). If a Japanese business owner does not believe that a member in their family (especially his son) is capable of leading the family business, they willingly pass the "torch" to a trusted friend, extended family member, or long time employee (Smitka, 1991).

Decision-making is an important issue for Japanese a business owner. According to Tam, Simon, 1990, the ringi system of decision-making is an important feature of Japanese management. The ringi system includes two different methods of decision-making:

1. Nemawashi The word "Nemawashi" is a Japanese word that means tending to the roots. Nemawashi is the informal sounding of employees' ideas. Employee's feedback is anonymous.
2. Ringi seido Ringi seido, as opposed to nemawashi, employs a formal procedure of group

consensus. This method employs a ringisho, a proposal that originates in one section of the company that is, then forwarded to all other relevant sections. The proposal is circulated to company's employees, lower management, and upper management people. Employees are free to comment on a sheet of paper that is attached to the proposal. The final proposal (completed with comments and feedback) eventually reaches the company's president. The company president and the top management team consider the comments in the decision making process (Lebra, 1976).

There are many advantages of the Japanese style of management. This type of structure allows employees to have a "voice" in the company and it also stimulates participation in the decision-making process (Dollinger, 1988). This bottom-up decision-making philosophy enables companies to make continuous improvements with the input from key players in the business seeking. Toyota workers, for instance, make 730,000 suggestions every year for improving the way the company builds, markets, and sells its cars, and 98 percent of them are adopted (Nishida & Redding, 1992). This type of active versus passive

management style prevents a company from becoming stagnant and inflexible.

However, we should not conclude that all-Japanese management structures are active, decentralized, feedback systems. Japan certainly has, at some degree, one-man companies, in which only one or a few top leaders make decisions (Redding, 1992).

Korean Management System

Korea has practiced the Confucian philosophy since 1392. In the 15th century, they proclaimed itself the "carrier" of Confucianism (Confucianism: the age of Confucianism: Yi-dynasty Korea; 1999). From 1910 to 1945, Korea was under the control of Japan. Although Korea has been influenced by the Japanese style of management, Confucianism still remains a strong influence on the Korean culture and has dominated the traditions of the Koreans; including the way they do business, (Chen, 1995).

Consistent with the Confucianism, the family unit is a critical component of the Korean business. The traditional Korean family is *patriarchal*; the father is the unquestioned leader (Chung, 1998). He takes full responsibility for the future direction of the family business. This top-down decision making style is typical

among Koreans. Family members often play key roles on the management team [especially in small and medium size businesses] (Redding, 1991). Tradition usually dictates that the oldest son will succeed his father (once he retires or dies). This idea is consistent with a study that observes the ratio of family business inheritance - first son inheritance 65%, family member inheritance (other than the first son) 24.4%, non-family member inheritance 9.7% (Shin, 1985).

Large businesses are also subjected to this "family" philosophy. *Chaebols* are large business groups of companies. *Chaebol* groups consist of many affiliated firms (England, 1975). These groups dominate Korean economy by taking a high percentage of the market share. For example, in 1987, the 335 products of the first 30 chaebols took 40 percent of the market (Asian Management System, 1995). In spite of the size of businesses, chaebols are still controlled by families.

According to England, (1975), the family ownership style of the chaebol can be classified into three categories. The first type of chaebol is characterized by sole ownership. The founder or his family members control all the chaebol-affiliated companies. The second type of chaebol involves "setting up" a holding company in which

the founder or his family members can own the affiliated companies. A joint ownership characterizes the third type. The founder or his family members own the holding company and/or some other kinds of organizations that control the affiliated companies.

However, many of chaebol groups still lack the potential to become powerful players on a global level. Since the economy is becoming globalization, many Korean businesses are becoming more international. This change has created pressure for many business owners as well as chaebols (Chung, 1998). To cope with this shift in the business environment, chaebol groups are transferring and delegating authority to the managers. Over-centralized control has changed to a more decentralized system. So, it can be expected that the strict traditional family management style will be gradually eroded, (Chung, 1998). One good example of this phenomenon is the Samsung group. Even though the family members still dominate most of the important positions in the group, 95% of their executive members are non-family members (Chen, 1995).

Thai-Chinese Management System

This study emphasizes Chinese-Thai management practices that highlight Confucianism. Chinese-Thai's

(Thai citizen with Chinese descent) represent 8.5 percent of the Thai population. Confucianism is the root culture of the Chinese-Thais. This philosophy has a strong influence business conduct. However, in Thailand, Confucianism is mixed with Buddhism, Thailand's major religion, which promotes harmony and peace among people, (Whitley, 1991). The result is that Thai management system highlights harmony among the owners and subordinates.

The Chinese-Thai family business is a simple structure, usually dominated by one owner. These organizations have limited expertise and capacities. Most Chinese family businesses have successfully carved out their niche industries (e.g. property, trading, and simple manufacturing). They have been remarkably successful in these economic sectors. Through years of effort, they have come to dominate retail trade, and have also expanded onto manufacturing, agriculture, transportation, and finance (Whitley, 1990).

Similar to the Korean culture, The Thai-Chinese family unit is an important component of the family business. Generally, the eldest son of the owner will consume their father's position and the other sons (younger siblings) will participate as upper level managers in the organization while other family members

(e.g. uncles, brothers-in-law, cousins) participate in lower levels of the management structure (Cushman, 1998).

This type of management style is very patriarchal. Although the "sons" of the owner are included in the management team, the most important person controlling the business is the owner (the father). The "sons" have no "real voice" in the company. They do not have the authority to make decisions on important issues [e.g. investing in a new project or implementing a new network system] (Whitley, 1992a). The "sons" are under the control of their father until their father retires, at which point the eldest son assumes the role of the leader. This type of family management is very similar to the Korean system. The owner (father) is the "King" of the kingdom (the company) and the sons are the adopters of their father's policies.

The following section will provide an overview of the traditional Chinese management style that highlights familism, paternalism, hierarchy, respect, and harmony.

Traditional Chinese Management System

According to Redding and Hsiao, (1990), the dominant management principles of the Chinese family business can be summarized by the word "partrimonialism", which covers

a wide range of themes such as paternalism, hierarchy, mutual obligation, respect, familism, personalism, and connections.

Confucianism provides a work ethic which is characterized by diligence, responsibility, thrift, promptness, co-operation, and learning (Redding and Hsiao, 1990). Much of the recent success of the East Asian countries may be caused by the pervasiveness of a Confucian influence, (Jacobs, Guopei, & Herbig, 1995).

It has long been known that maintaining good personal relationship between individuals is very important in Chinese culture. *Guanxi* is one of the major dynamics in the Chinese society (Tsang, 1998). It has been pervasive in the Chinese business world for the last few centuries. According to T. Ambler, (1994), the Chinese word *guanxi* refers to the concept of drawing on connections in order to secure favors in personal relations. It is a complicated network which Chinese cultivate subtly, and artistically. It contains mutual obligation and understanding Chinese thoughts toward long-term business relationships (Ambler, 1994). It is commonly recognized that *guanxi* is a key business determinant of firm performance, (Luo, 1997).

Although Chinese place great stress on rank, *guanxi* operates on the individual level (Abramson & Ai, 1994). This is because an employee will be rewarded (e.g., commission or bonus) or promoted by the organization if he uses his personal *guanxi* for organizational purposes [e.g., marketing, promotion, and sourcing] (Brunner, Chan, Chao, & Zhou, 1989). Chinese business relationships are informal (Hendryx, 1986). Business dealings are done by oral agreements and guaranteed by an individual's character in their community (Barton, 1983).

Confucianism is concerned with the task of trying to establish a social hierarchy strong enough to harmonize a society. Individual requests are heavily downplayed. But in many relationships that take place beyond the family, the individual plays an active role in determining the character. Hwang, (1987), stated that the Chinese people place great importance in face (*mienzi*). The idea of get pleasure from the status of not losing face and at the same time saving other people's face is a key element in *guanxi*. According to the Chinese tradition, 'losing face' socially is equal to the physical injury of one's eyes, nose, or mouth, (Yum, 1988). *Mienzi* is a subtle form of social a personal and status (Hwang, 1987). It is determined by social position and wealth. It is also a key

component of *guanxi*, as one must have a certain amount of *mienzi* to develop a network of *guanxi* connections (Weidenbaum, 1996). *Mienzi* provides the influence one needs to expand a *guanxi* network. In a *guanxi* relationship, both parties are required to carefully observe certain unspoken rules of reciprocity, (Yum, 1988). Disregarding these rules can seriously damage one's reputation and lead to a humiliating loss of face (Weidenbaum, 1996).

In Chinese society, the extended family is the most important social force. All sons have equal rights of inheritance, and the family has to be kept together (Ihara, 1992). As a result, the extended family grows into a clan. This develops into a large organization based on blood relations. According to Jacobs, Guopei, and Herbig, (1995), In Chinese culture, all the sons of a family have equal rights to inherit property. The family required its members to work together. All sons contribute to the growth of the family wealth. Therefore, they are equally entitled to the family property. Chinese culture values love with discrimination (Oh, 1992). According to this principle, for example, children should love their parents and relatives more than they loved others (Ng, 1998). The Chinese businesses have maintained strong family control.

They often show an unwillingness to hire professional outsiders into the senior management of their companies (Weidenbaum, 1996).

Trust has increasingly been seen as the key element in the business organizations (Lindsay, 1996). Employees' participation in decision making is a dynamic process, which is influenced by the level of trust between management and employees (Korsgaard, Schweiger, & Sapienza, 1995). In other words, true employee involvement that increases management effectiveness is a result of an interaction of trust between management and employees (Lewicki, 1998). Only powerful leadership may keep employees working but it is not sustainable for motivating or for building employees' emotional commitment (Barber, 1983).

According to Confucianism, trustworthiness (xin) plays a significant role in business arena. Chinese society is built around kinship networks, with close family members at the core. Loyalty and trust for family members is an obligation and is turned into reciprocity. Often, trust plays a more significant role than legal contracts among Chinese business people. Thus, close family members and relatives are those one can depend on and trust the most (Fukuyama, 1995).

The *Li* concept of Confucianism led to the development of a management style known as "rule by man". "Rule by man" means that top decision makers have full power and that decisions should never be questioned. The problem with business management is that top decision makers have unlimited powers, but, there is nothing to guarantee that these powers are not abused, (Jacobs, Guopei, & Herbig, 1995).

"Rule by man" assumes that top decision makers are intelligent, of high level of honesty, and will use their power correctly. Unfortunately, with unlimited powers, the person may make wrong decisions and sometimes ruin the business. He may use his feelings, instead of objective criteria, for personnel promotion, and performance evaluation. This explains why "rule by man" has become paternalism and is a problem, (Jacobs, Guopei, & Herbig, 1995).

Chen and Chung (1994) observed the influences of Confucianism on organizational communication in Asian countries. They identified some characteristics of interpersonal communication as a consequence of Confucian influence: communication rules are emphasized as strict communication patterns are required for the hierarchical structure of relationship. Intermediary is necessary for

resolving a problem or conflict and communication style is non-confrontational.

According to Weidenbaum, (1996), nine out of every 10 billionaires in Southeast Asia are Chinese. The Chinese business enterprise family differs in fundamental ways from the usual Western business firm in terms of its organizational structure, nature of decision making, and level of technology, succession, and public profile.

Professor Sheldrake (1999), the Head of the School of Management at RMIT Business in Melbourne, comments on the future of Asia's family businesses. In the past 5 years, Western management style has been introduced to managers in a number of Asian countries. They were introduced to new concepts: downsizing, pressures to improve productivity and return on assets.

According to Weidenbaum, (1996), current Chinese firms have shunned the Western business structures in order to adapt to the weak system of contracting and law throughout Southeast Asia. By U.S. standards, the structures are simple, based on either production or sales or service. Core business groups obtain varying degrees of ownership in dozens, and sometimes hundreds, of small to medium-sized businesses.

According to Sheldrake (1999), Western management systems ranging from business process re-engineering and outsourcing through to performance management and productivity incentives have become widely adopted in Asia.

On the other side, some have obtained the benefits - and profits - of more rational practices and may want to maintain control of traditional Chinese management style. There is the debate over family businesses. Thus the debate appears to be concerned with the most effective way to get things organized.

Nowadays, many Chinese owned companies grow beyond the control of one man (the owner). The owners face with the challenge of either modernizing their management system with the help of a professional management team or maintaining the traditional Chinese management style. There are two schools of thought relative to this issue. Some researchers insist that the Chinese family businesses apply the western management systems and minimize the traditional Chinese management style in an effort to remain competitive. Other schools emphasize the positive role of the traditional Chinese culture in the Chinese family business. It is suggested that Chinese business retain their cultural uniqueness.

For a long time, the family business structure of many Asian enterprises has been seen as a major advantage. Decisiveness in the market leads these companies to be effective and aggressive. Moreover, the ties of the family cause cohesiveness and trust that makes such companies formidable adversaries, (Sheldrake, 1999).

That is the conventional view. In the past five years, however, there have been many criticism of the family business structure. There are two side of criticism. The first side is that the succeeding generations can maintain the success of the Chinese founders. The second view is that the family business can only operate up to a certain size and that beyond that size the company can only operate effectively through the impersonal processes, and without reliance on individual links of kinship.

On the other hand, the Western management system draws on the different value, which derives from the traditions of Christianity. The dominant values are individualistic, emphasizing the benefits of labor rather than merit, (Clegg, 1990).

The argument about the limits of the Chinese family business is also an argument about the significance of the Confucianism to global business. Those who see the limits

of the Chinese family business also want to point out the advantage the Western approach. The West is wealthy, and the East will become wealthy by copying that approach.

About the hiring and training of new employees, Wilkinson, (1996), stated that, in contrast to Western companies, where mistakes can be fixed by simply replacement, the hiring procedure in Chinese management style has to be very carefully considered. In Chinese company, lifetime employment prevails.

It is very important for Chinese to developing and maintaining their *guanxi* (connections or relationships), which may result in loosing chance to use the low-cost supplier. The Chinese business owners are more interested in long term commitments to working together than in the Western concept of a legally apparent contract, (Luo, 1997). In Chinese business relationships, a formally signed contract play less important role in business dealings. About one-third of the business relationships of Hong Kong firms are based on oral agreements (Weidenbaum, 1996).

Confucius advocates putting righteousness (*Yi*) before profits. Confucianism creates an attitude that profit making is dishonor or a sin. Myers, (1987), claims that Confucianism is developed for a self-sufficient and

small-scale economy. It advocates an equal distribution of social wealth. It brings a lack of motivation. The restraint of the wish to seek material gains has produced a lack of aggressiveness and responsibility.

With the introduction of Western motivation theory, the attitude of the workers has improved but the old tradition dies slowly, (Wilsy, 1995). Now a good employee can get higher bonuses than the typical worker. However, he often shares his bonus with other workers because he is afraid that he will become the target of jealousy by fellow workers, (Jacobs, Guopei, & Herbig, 1995).

Past research has also shown how Chinese culture influences the structure and strategy of Chinese firms. The Chinese firms are likely to develop a strong family tie in organizational structure that is characterized by hierarchy and centralized decision-making. For example, the traditional Chinese management style may prevent Chinese companies from adopting a modern strategy where decentralized decision-making and non-family members with technical expertise are necessary. The reason is that the traditional Chinese family culture excessively emphasizes centralized decision making and control. As a result, the Chinese firms may not respond fast enough to the changes in the new business environment, (Das & Teng, 1998).

Moreover, professionals may find it difficult to work in a traditional Chinese company if they do not have any kinship relationship with the owner of the company. Accordingly, traditional Chinese firms may have trouble acquiring adequate resources, including expertise and human resources, to struggle in the fast-changing business world, (Cheung & Chow, 1999).

The Chinese firms favor family ownership. To maintain their family ownership, they are often unwilling to obtain resources from outside the family or kinship networks. As a result, the traditional Chinese firms are typically small in size and have a simple structure. This small size and simple structure often prevent them from competing in high-tech industries which require huge resources such as research & development, marketing, and distribution, (Clegg, 1997).

To decrease transaction costs, Chinese firms often rely on family networks, which often limit their ability to battle in foreign markets where these networks are difficult to build. As a result, traditional Chinese firms often target markets close to their home where they have family members or relatives, (Shane, 1993).

Hierarchy has strong influence in Chinese business management. It often decreases employee's participation,

which is important to the business. Since everybody is supposed to behave according to rank, people are reluctant to express ideas that may improve the company. This explains inertia in Chinese businesses. This lack of worker's participation is a major factor causing low business efficiency, (Jacobs, Guopei, & Herbig, 1995).

On the other hand, Weidenbaum, 1996 states that most of the top management positions in the Chinese family business are family members. Other positions are for close relatives and for lifetime employees who have worked for the family for long periods of time. This strategy keeps away from many "agency" problems that Western businesses face in getting executives to promote the interests of the shareholders. Within this framework, the Chinese family firm provides flexibility along with strong management effort. These desirable characters are encouraged by ties of mutual obligation.

Comparing to the tremendous flow of studies, reports, and memos in the Western companies, few of Chinese companies set up huge staff departments, such as labor relations, public relations, or research which require specialized expertise. These responsibilities are assumed by the key family executives who are not the specialized experts. And that can decrease business efficiency. Level

of specialization is low, with few routine work procedures. Job descriptions are hardly described in a formal company handbook. This lack of a clear job description may cause conflicts in the workplace, (Weidenbaum, 1996).

Keeping control within the family restricts the size, and especially the complexity, to which it can grow. This is less a problem for low-tech firms than it is for high-tech companies which require more sophisticated organizational structures and specialized experts. Family ties can be so strong that incompetent and untrained relatives are preferred over outside professionals, (Weidenbaum, 1996).

However, Special benefits-as well as disadvantages-accompany the Chinese management style. Decisiveness in the marketplace allows Chinese companies to be aggressive and effective. The strong ties of the family ensure cohesiveness and trust that makes such companies formidable (Sheldrake, 1999). Family control allows for a less bureaucratic management structure than Western companies use, one that permits rapid decision making. Informal networks are preferable for many complex transactions. Personal trust replaces formal-as well as

more expensive and time-consuming, (Weidenbaum, Murray, 1996).

Moreover, the informal structure of Chinese organizations has also encouraged lifetime employment. Loyal employees can expect loyalty from their bosses, (Jacobs, Guopei, & Herbig, 1995). A stress on harmony among workers lessens conflicts and makes a smooth running of a business, (Bruce, 1998).

In recent decades, traditional Chinese firms have been changing in both their structures and strategies. An increasing number of Chinese firms have begun to be more complex and bigger operations. Also they are entering to the international markets, (Myers, 1982). Consistent with these changes, they begin to hire more professionals for the top management positions from outside their families, and begin to structure their companies with decentralized decision-making systems, (Child & Lu, 1996).

All the above changes are related to the changes in traditional Chinese family company. Many recent studies have reported changes in the Chinese family company in all Asian countries, (Bond & King, 1985; Huo & Randall, 1991). For instance, the results of many studies conducted in Hong Kong have noted changes in the traditional family-oriented collectivism (Huo & Randall, 1991;

Westwood & Posner, 1997). Westwood and Posner (1997) compared the cultural values of managers from Australia, Hong Kong, and the USA. Based on the broad thesis that Chinese (Hong Kong) are more collectivistic than their Western counterparts (USA and Australia).

CHAPTER THREE

FINDING AND DISCUSSION

The purpose of this study is to examine the impact of Confucianism, especially paternalism, on organizational culture in terms of the communication and management structures in a middle size Chinese family own company in Thailand and the problems faced by the Chinese family business (relative to their communication and management practices).

The interviews were conducted with Rian Thong Poultry Feed (RTF) Company in Thailand, which employs the Chinese Family Business (CFB) management system. The purpose of this qualitative investigation is to inquire about the communication structure and to obtain insight into the Chinese/Thai family business management structures.

In-depth interviews were conducted with the owner and top manager including ten employees. Manager, owner and employees were asked about decision-making participation, authorities, job responsibilities, communication strategy, and management style employed in the organization, including the relationships among workers in the workplace. Also, questions were asked about the relevance and nature of information sharing to gain information

about the level of cooperation between the executives and their employees. Finally, questions about the basis of colleague's relationships will be raised, involving a discussion about the relevance of formal contracts, trust, respect, friendship, and kinship.

The expectation of finding CFB organizational patterns in Thai industry is enhanced by the notion that the CFB mode of organization has been adopted remarkably consistently by 'overseas Chinese' across Southeast Asia, (Redding & Hsiao 1990; Redding & Whitley 1990; Chen 1995).

According to the interviews, the findings of the study on the communication and management structure in the Chinese family business are consistent with the expectations formulated earlier based on previous-related research that corresponds with CFB characteristics. Given the collectivist context of Thai culture, it is apparent that they develop management structure that has Chinese family business system characteristics.

With respect to relationships within an organization, this Confucian-based and family-centered paternalism encourages personal relations (Redding 1990; Whitley 1992a). The behavior of the RTF can be referred to as paternalistic, which reflects the mutually reinforcing influence of Confucianism philosophy. Paternalism in

Thailand is combined with Chinese ideal of social unity that, in turn, forms the basis of high levels of collectivism within the society in Thailand. In the social structure of this society, the father figure is obliged to take care of the group members who, in turn, have to obey him.

Research Questions

What is the Decision-Making Process of the Company?

In the decision making process, it depends on the situations; If it is a decision-making for "day-to-day operation", any family member dealing with the problems can make his/her own decision. However, sometimes, they do informal brain-storming or ask for advices from senior-experienced family members. Experienced family members are the first generation of this organization. They have been in the agricultural business for over two decades. According to the concept of Chi (or Zhi), which means wisdom, senior-experienced family members are considered counselor. Less experienced family members are expected to ask for advice from the experienced. So, the second generation usually asks for advice or feedback on their decisions. On the other hand, if it is a "decision-making affecting company's policies or

practices", one of the owners or all of them (depends on the situation or responsibilities) will take this role.

According to the Confucianism, family businesses normally include five groups of people: the core family member, close relatives, long term employees, distant relatives, and non-related employees. The core family members are in the dominant positions, (Mulder, 1989). From the interviews, among owners, they are all equal decision-makers because they are all brothers. They don't have formal decision-making process but usually, they ask for other owners' ideas, comments, or agreements before they decide something very important to the company. When any owner faces problems or difficulties, he would think if it's under his field of work. If yes, he will decide the plan of action or solutions. If it's other owner's responsibility, he will tell the problem or difficulties to the owner who is responsible for and that owner will find the solution to the problems. However, when they decide what the company should/should not do, he will ask the others for suggestions or comments. Finally, it becomes the solution or plan of the company. The finding is consistent with previous researches (Weidenbaum, 1996); discussions or meetings are often dealt with by common understanding and a note jotted in a diary. Fundamental

business decisions are made on the basis of experience, intuition, and informal exchanges, rather than detailed statistical reports or the expensive advice of external consultants. The finding shows that Rian Thong Feed executives deal together personally, with information spreading through an informal network rather than through more formal channels.

However, the decisions for day-to-day operations, the managers usually make decision by themselves. For day-to-day operations, the owners delegate their decision-making to the middle-level management team, including the sons. The way they delegate their authorities for decision-making for day-to-day operations speeds up the decision-making process, and, finally, it speeds up the whole operating system. This delegation is one step closer to integrate modern western management style with their traditional Chinese management style.

As you can recall, Mr. Ping is Mr. Chai's son (these are the fiction names. The real names are kept anonymity). They hold Chinese tradition, in which, the second generation will assume all duties of the predecessor. In this case, Mr. Ping, the eldest son, will assume the owner's position when Mr. Chai retires from the job. This tradition reflects the concept of Confucianism that the

son (especially the oldest one) is obliged to assume position of his father. However, they do not have the exact time when Mr. Chai will retire. He is sixty years old but he is still holding the highest position of the company. He feels that Mr. Ping is not fully capable to assume his position yet. Meanwhile, he is stepping back, bit by bit, and let his son assumes more and more responsibility. Today, Mr. Chai does not need to work eight hours a day. He cuts his working hours about half because his son can handle lots of works with better understanding of their business.

Mr. Ping perceives Mr. Chai as a father, for sure, at home. But at the working place, he is the owner of the company. However, their relationship at work is not a strict or formal supervisor and subordinate. Their working style is informal but, rather a flexible system. He doesn't call him "sir" but, instead, he calls him "dad" when they are working. His father does not really have deadline for him in accomplishing tasks. However, the father needs to know when his son will complete the task. At work, the son respects him as the superior, but at the same time, the son also respects him because he is his father. The relationship between father and son supports each other's decision-making to some degree. Mr. Ping, as

a manager, makes his own decisions on some day-to-day problems. Other times, he needs support and advice from experienced persons. Mr. Chai is an experienced owner and he is the father, so Mr. Ping can ask for advice from him at any time. Actually, Mr. Chai (the owner) delegates a high level of authority to Mr. Ping (the manager) to make decision. However, Mr. Ping, who is of a younger generation, has to ask in case his father has another view on the problem and can offer some insightful suggestions and solutions. This kind of working relationship makes the decision-making more effective and accurate. The fact that Confucianism promotes respect to seniority gives some advantages to the company.

However, when some emergency situation happens in the company and it needs to be solved immediately, the manager (the son) could not make an immediate decision of what he is assigned. Since the young manager does not have enough authority and money he has to fund the project, he has to go back and re-brainstorm with his father and his uncles again. This phenomenon is influenced by one of the Confucianism components, *Chi* (or *zhi*), which means wisdom, derived from both history and experience. Father and uncles are considered business people who are full of wisdom since they have much more experience. Younger

managers, sometimes, need advice from experienced persons for best effective decisions.

This finding is consistent with the previous studies (Weidenbaum, 1996). The Chinese business enterprise family differs in fundamental ways from the usual Western business company. The head of a Chinese company typically is a "paterfamilias," all-powerful in both social and economic spheres. He delegates key activities and positions to members of the family. Within the family, judgment made by the father is absolute.

Among the management team, they share everything equally, including financial information regardless whether s/he is the family member. They have a trusting relationship since all the owners are brothers. They usually hold informal brainstorming meetings among owners and family-member managers. But there are also some non-family members working with the management team. And things are different when working with non-family member managers. There are more formal discussions, formal information sharing and formal asking for agreements. On occasion, the Chinese business enterprise takes on some of the trappings of a modern corporation, such as the recruitment of professional managers who are non-family members and a degree of ownership of stock holders,

(Weidenbaum, 1996). But even then, according to the findings, and consistent with the concept of Confucianism, the most desirable assets should be kept in a maze of core family members and trusts controlled by the family members. Family members continue to make the strategic decisions, whether formally or behind the scenes.

Many observers have noted that in comparison to Westerners, the Chinese have a stronger tendency to divide people into different levels of categories and treat them accordingly. Basically, bonding can be divided into two bases: blood, including family members and relatives, and social, including such friends as work colleagues, neighbors, or schoolmates. The closer the base, the more effective a bond can serve to remove doubt. For instance, favoritism decreases as a relationship becomes more distant. This may explain why family businesses are the most common form of corporation among the Chinese. Family members are considered to have the tightest bonds and thus are the most trustworthy. According to Confucianism, trustworthiness (xin) plays an important role in Chinese company. Loyalty and trust for family members is an obligation and is turned into reciprocity. Often, trust plays a more significant role than legal contracts among

business people. Thus, close family members and relatives are those who can depend on and trust the most.

According to previous research, sociologist Peter Berger, 1994, notes that Chinese businesses are almost always family firms because, within traditional Chinese culture, they can only trust close relatives. After interviewing people in Rian Thong Feed Company, some employees who are not family members revealed that they do sometimes feel unhappy. The reason is because they feel not fully trusted by the owners and that may make them want to leave the company when they can start their own business. In practice, professional managers of this company are well paid. However, they quickly face the limits of their authority, especially when they deal with family members who nominally report to them. If this company still holds the strict traditional Chinese trust belief, the company may lose the professionals which in turn, will obstruct the company's competitiveness.

The results of this study also suggest that the degree of participation of employees in the decision making process in this Chinese firm was significantly low. The owner and managers are rarely prepared to share power with employees in making a final decision. When there is a divergence of opinion between a manager and employees, the

results of this study indicate that managers are not likely to reflect their subordinates' influence in the final decision. Within the organization, the flow of information is tightly controlled. The amount of company knowledge given to a specific subordinate depends on the degree of trust that the superior has in the individual employee. Finances especially are considered a family secret. Planning consists primarily of family discussions, with the family head making the key decisions. In a medium-sized business like Rian Thong Feed, the owners tend to control all major functional areas of the business (e.g. operations, marketing, accounting, finance, and purchasing). They feel that the important functions should not be delegated because they do not want the non-kin employees to know too much about the business, especially financial and accounting matters. The result is that, many times, the company grows very slowly or goes in the wrong direction because the owner is the only decision-maker in the company (often times with limited expertise). However, younger manager (the son) believes that two-way communication is a valuable commitment of time in the decision-making process, which is a good sign showing that the younger managers intend to accept and apply the modern management system.

Even though managers may believe that their employees have the ability to complete a task, but they do not trust the willingness of subordinates to take responsibility for that task. The findings are consistent with the argument in the literature that Confucianism uses the family structure to cultivate its hierarchical pattern in Chinese culture. Decision-making pattern of Chinese organizations is thus the extension of this family system. Employees are treated like 'children' who must be dependent and obedient, and not be entirely trusted, while the boss is seen as a 'parent' who must look after and control his/her subordinates, (Mente, 1994). Employees must obey higher managers according to rank; consequently, employees develop a culturally disposed psychological orientation of dependence, (Shenkar, 1993).

Due to the influence of Chinese Confucianism, respect for hierarchy is emphasized among managers. This value is likely to lead to an emphasis on harmonious relationships with people of higher status and a low trust level in people with lower status. Managers are characterized as keen to establish a close relationship with higher management (Yau 2000; Shenkar, 1993). Confucianism advocates Li (rites) as a basic doctrine. By giving prominence to the principle of Li, Confucianism calls for

maintaining the established social order. According to Confucius, everyone has a fixed position in society and, provided each person behaves according to rank, social harmony is achieved. A business person must understand the implications of this strong sense of hierarchy to do business successfully in the Chinese culture. The traditions of hierarchy provide an ordered collectivity that is often harmonious. Loyalty and obedience to superior authority provide a social order. Workers are expected to suppress their hostilities towards superiors.

On the other hand, because of hierarchical values, the manager reflects his thought that it is good to show his trust in subordinates, as they believe that it weakens their status among people who are of lower status. Accordingly, managers take a different view of their own roles compared to those of their superiors and subordinates in the decision-making process. They are likely to impose their voice in decisions and to give little chance to subordinates to express their ideas in decision-making processes, thus maintaining their high status. On the other hand, to their superiors, they are likely to show respect in order to cherish the 'good guanxi' in the hierarchical system. Because of the social implications of hierarchy, and family-oriented, the owners

frequently play dominant roles in meetings with their employees that are formally designed to be participative in their procedures.

The combined results suggest that management people hardly invite employee participation in decision-making. They provide employees with more formal means of participation in the decision-making process, but with less chance of influencing the decision outcome. In Rian Thong Feed Company, larger numbers of attendants at meetings does not necessarily mean greater employee participation but rather that the meetings are considered important and that the managers hosting the meetings have high status. Many Times, over hundred employees are called for the meeting, but they hardly have chances to express their opinions. In contrast, younger Chinese manager indicated that sharing problems informally was an effective way to proceed in decision making. Future research needs to explore the reasons why traditional Chinese managers prefer formal meetings. Manager's practice limits participation because of their little trust in their employees. Participation in decision-making process needs to be implemented in the actual practice in the organizations.

Chinese management would need to change their perception of their employee's sense of responsibility and ensure that no one person dominates a collective meeting and that the ideas of subordinates were reflected in the final decisions. However, none of these changes may be easy, as it is influenced by the values of hierarchy in terms of previous studies. The present study is consistent with previous research in demonstrating that the sense of participation of Chinese family firm's employees is weak. It may be concluded that companies build high trust in employees it serves as a foundation for positive practice and attitudes toward employee participation. Managers' levels of trust influence their confidence in encouraging subordinates to take responsibility for aspects of decision making. Only when there is trust in subordinates' abilities and moral qualities will managers be comfortable with subordinates' suggestions and ideas, as well as delegating responsibility for implementing decisions. Otherwise, managers will feel that there are unjustifiable risks.

In an effort to modernize Rian Thong Feed's management practice, the owners must consider delegating authority. Obviously, the owners will be responsible for monitoring the performance of the company and controlling

financial matters. It is suggested that weekly and monthly production and sales reports be submitted to both of them-so that they can stay abreast of company performance. However, conferences with sales managers and salespeople should be held at least twice a month (to remain knowledgeable about the competitive situation of the company). A mild-version of open book management should be implemented in this process by sharing with the sales people the sale figure in each category and area. By having the functional managers and salespeople participate actively in the decision-making process, employees' efficacy and increased job satisfaction will certainly result.

It means senior management is responsible for delegating a certain amount of each element to specific roles, tasks, or activities. For example, managers must define the role and responsibility of the job each employee is to perform, spelling out exactly what the employee is and is not responsible for in doing the job. Managers must also define how much leeway an employee has in making financial decisions.

Managers basically provide the guidance for decision making instead of setting up rules for how to make decisions in each specific circumstance. Once this is

established, an employee has the latitude to make discretionary decisions in order to do the job or make something happen, deciding which option to take on a project, or identifying the best way to accomplish a task.

In today's challenging business environment, delegation helps free up a lot of senior management's time. Executives can now spend more time running the business and making high-level decisions rather than micromanaging the workforce.

How do Ambiguous Job Descriptions Cause the Problems for the Company?

Mr. Ping's position is the Assistant of Deputy Managing Director. The Deputy Managing Director is his father, actually. However, working in Chinese Family Business, his scope of work is really wide, wider than just the assistant of his father, due to the lack of formal job description.

Formally, the owner is the Deputy of Managing Director and, also, he is a Chief Financial Officer. He controls all finance matters of the company. He controls working capital and deals with bank officers for loans. He also has a voice in approving all important decisions for the company. Also, he is responsible for all company's licenses and registrations. These are all his formal

duties. However, he is also responsible for purchasing some machines supplies, equipments, and also office supplies. These are his informal duties that he has assumed these duties since the company started. He thinks he can handle them effective and, especially, it can save some human resources.

Confucianism provides a prescribed response to most situations. Individuals are judged by the way they correspond to these prescribed patterns of interpersonal relations. So long as the person conforms to group expectations in order to maintain the concept of face (*mienzi*). The loss of face (*mienzi*) occurs when the group expectations are not met. Losing face (*mienzi*) can have negative social consequences in Confucian societies. The lack of clear job description of the organization and the loss of face can create difficulties for honest communication. External appearances may conflict with internal realities. Often foreign business people are confused and frustrated by the lack of authority of a person with a high-sounding title. According to the interviews, we found that an external high-sounding title may not reflect the person's real position in the company. Business people must avoid letting this frustration cause the counterpart a loss of face.

The job description is a written statement that defines the duties, relationships and results expected of anyone in the position. Due to the lack of clear job description, employees, sometimes, do confuse what job they are doing because some of them are working on the same job, but for different superiors. The company does not have a good, formal, and clear job description because the owners hold Chinese tradition. They assign jobs to any employees without looking at employees' current works. They know that whom they should assign that particular project to because they know which employees can handle or complete that project. However, employees usually get confused when they are assigned new projects or jobs because new duties may be totally different from the jobs they are working with.

Even though they have formal positions, superiors and subordinates, they assign duties to each employee according on what positions and jobs are in sufficient employees. Many times, managers switch employees from one duty to another because of many reasons. Many times, some employees are not suitable for that particular duty. Sometimes, they ask for changes because they think they can work better on another duty. However, although they do not have a "formal" or "systematic" job details or

responsibilities, some of them think it suits for their traditional management style because they can assign duties to employees and let them work on what they think they can do best and it is flexible to assign some emergency cases to some employees, if needed. Or if the employees have any problems with their jobs, they can just come and talk to the supervisors. Also, some employees don't think there is working conflict among employees because even if they don't have formal job description, they know informally, by chatting among themselves, what jobs they are working on, whom they should ask for more information regarding jobs, etc. According to the Confucianism emphasizing the cultivating and maintaining interpersonal relationship among colleagues, employees can work harmoniously without the formal job description. On the other hand, without clear and formal job description, some of the employees feel they are doing the same jobs. They think it wastes their time, energy and resources. However, employees do not ask for a formal job description. It is not because they do not want, but, it is because they do not have a voice in the organization. The company does not have "two-way" communication (two-way communication will be discussed in the next research question). They do have only one-way (top-down)

communication system. The primary goal to solve the problem is to build two-way communication system (especially bottom-up communication) as their culture. But with the current organization's culture, it is not easy to change their practice because the owners of the company do not hold an MBA or any business title. They do not know the job description. What they know is how to squeeze as much of a profit from a current situation; this includes reducing or maintaining expenditures. Maintaining expenditure means assign as much as works or jobs to every employees without hiring new employees, unless extremely needed. This is a time-consuming, long-term plan for them to accomplish. Fortunately, the younger generation manager such as Mr. Ping (the son) has western management knowledge from the United States. He would like to create and implement a job description. He thinks that the company needs a formal and clear job description for all of employees in order to have a good and compact organization's structure. Having a clear job description, employees will know what duties they are responsible for, and whom their superior(s) is (are). After accomplishing this goal, as a long-term goal, he also wants to plan for international standard: Good Manufacturing Process (GMP), Hazard Analysis Critical Control Points (HACCP) and ISO

9002. However, before thinking about implementing these standards, they need a better organization structure and including job description.

Designing formal job descriptions is very important (currently, RTF has no formal job descriptions). There are several times that the management cannot find the person who is really responsible for a certain duty. Because job descriptions are ambiguous, employees tend to duplicate job efforts. Introducing formal job descriptions will be a revolutionary strategy for Rian Thong Feed Company. Job descriptions will reduce job duplication and ambiguity and promote efficiency and accountability within the company. The result of this initiative is increased employee satisfaction, and a decrease in role conflict that will reduce job stress. Goal setting techniques are also critical. Goal setting will be used in the performance appraisal system. Employees will be encouraged to identify specific and challenging goals that enhance organizational effectiveness.

How do Top Management Workers communicate to their Employees?

Since this company employs traditional Chinese family business management style, they admit that, among the same level of management, but not a member of the family, he

will not receive the same amount of information. Especially, employees, they do not disclose financial data (except employees who are responsible for accounting) because the company is not a public company. So they reserve the right not to disclose some information to the employees. On the other hand, for family members working in the management team, they all receive all financial information, especially owners, because they have to be responsible for all loss and debts occurred in the company.

Confucianism highlights behavior that promotes harmonious relationships. Persons should behave according to their positions and perform their roles, in this case superiors-subordinates. Mr. Chai (the owner) rarely spends time arranging meeting with employees. He is sixty years old, so it's quite impossible for him to walk into the plant and talk to all employees working with machines. Therefore, it is difficult for employees to personally request, respond, or express their ideas to the owner. However, he sometimes, talks with some employees working in the office. They talk about both work-related items and non-working topics. Mr. Chai holds Confucianism belief that concentrates on seniority, rank, and hierarchy. Mr. Chai does not really have a close-interpersonal

relationship with his employees because most of the employees perceive him as their boss and they are quite different in age. The influences of Confucianism that emphasizes seniority and hierarchy obstruct the chances that employees request or express their opinions to the owners. However, Mr. Ping (the son) is working for him and he has a good and close-interpersonal relationship with his colleagues. His son usually comes and talks to him about employee problems or what they talked about earlier. So, the owner can know what's going on with them from his son. But, that is the only channel that executives communicate with their employees.

Even though the owners hardly have interpersonal relationships with their employees, the younger manager (second generation) spends some time talking with his colleagues, developing a rapport, hearing their chance suggestions and ideas, for example, new networking software and maintenance plans for machines. This is called informal "bottom-up" communication that has a very open process, where the employees are involved in the whole process of communication. This system reaches out all the workers in the company and pull them in. it gives them opportunity to get involved in the communication process. The lower level workers have chances to present

and reflect their opinions back to the top level of management.

Confucianism advocates hierarchy and seniority, when the employees have problems or some ideas, regarding their work, they feel uncomfortable to ask for suggestions or advice from managers. Instead, they would ask and discuss the problem with other employees. The result is that top management levels hardly know the problems or conflict among employees.

However, it is not correct to conclude that Confucianism influences the Chinese family company and that it has a negative effect in their organizational communication and management process. According to Gibson and Marcoulides, (1995), the manager has to construct a personal relationship with their employees. One way to do this is through informal discussion, during which both parties may share inner feelings and disclose personal secrets, indicating sincerity and frankness. Factual and feeling disclosures at a deeper level can be regarded as a sign of commitment to a relationship. Also, if certain issues are touched on during an informal discussion, one can hint at one's preferences or state them rudely while showing interest in the other's needs. Through informal

discussion, Chinese people may be more willing to reveal specific information about them.

According to the interviews, the company usually holds formal meeting only a few times a year. They, however, employ informal communication in order to build relationship with employees. Contrasts to the western culture, working life and personal life are not absolutely separated in the Chinese culture. From the interviews, some employees say that they do have close personal relationships with their supervisors. The supervisors don't require employees to call the superiors "boss", but instead, they prefer employees to see them as a friend or colleague. Managers often spend time having lunch with his colleagues. Many times, he treats them to lunch. At lunch time, they usually talk about what is going on with the company and ask if they have seen any problems or if they have anything uncomfortable or if they have any ideas or suggestions for the company. They have lunch together from time to time. Everyday, the managers go into the plant and talk to employees and ask if they have any problems or if they have any suggestions about the working place. They usually come up with some very impressive ideas. Managers can solve their problems that occurred in their working place. At Rian Thong Feed (RTF), close relationship

affects communication in the positive way. According to one of the concept of Confucianism called *Chung*, meaning reciprocity, the relationship between superior and subordinates is reciprocal. When the manager assigns something for employees, they willingly do it for him. Many times, they even offer to give the manager assistance when he is working on some emergency cases. They are willingly to do so because they have a close relationship with their supervisors.

According to Albert J. Lott and Bernice E. Lott, (1974), to develop a closer relationship between managers and employees, gift-giving is an indication of goodwill and respect. To reiterate, gift-giving in Chinese culture is a way of building long-term relationships, not a fee-for-service. According to the interviews, we found that most of the employees feel very pleased when they receive special gifts or gratification from his/her boss in the special occasion such as Chinese New Year. Moreover, employees even feel more pleased when individually received gifts from the managers in personal event such as wedding gifts, gifts for their first born, etc. However, according to Hofstede and Geert, (1984), if one intends to use a gift to inhibit rational decision-making, not only would it result in only a

short-term benefit, but it could also be considered bribery. The art of presenting a gift comes from knowing when to give and on what occasions, such as Chinese New Year and anniversaries--times that imply a personal concern without a clear objective of gaining an advantage. To present a gift out of the blue is socially awkward. And because Chinese are highly concerned with returning favors they received, eventually the payoff will be realized, (Hwang, 1990).

Developing personal relationship in Chinese family business company is not limited to gift-giving; it can also extend to emotional or affective responses, (Yum, 1988). In the Chinese culture, when one has difficulties, acquaintances are expected to render substantial assistance, (Yang, 1994). One common practice in Chinese firms, including Rian Thong Feed, is that managers continually attempt to build obligations from their employees by maintaining strong friendships and doing personal favors. The result is that the workers then feel they owe a favor to the manager and they are more willing to do more than their share of work or exhibit more loyalty. Therefore, in the organization, the manager or owner should continue extending the relationship by offering personal favors to their employees.

Another way to develop a unique relationship with the employees is to "get personal" with the employees. This implies something specific to the two parties in the relationship, such as sharing inner feelings or personal concerns, (Ralston & Gustafon, 1995). To achieve this, one must develop empathy, which is defined as the ability to understand someone else's desires and goals, (Gronroos, 1990). People have to be willing to acquire an in-depth knowledge of their partners and to know what appeals to their needs. Empathy is linked at a cultural level to the ability of an individual to see situations from another's perspective, though not necessarily agreeing with such a perspective, (Ganesan, 1994). It exists in Western business relationships as well, particularly in negotiations. It also plays a major role in relationship-building in Chinese culture, because the Chinese employees are unlikely to communicate their preferences and opinions openly, so as to avoid offending or being rejected by others. They expect people to anticipate others' needs or to know their feelings without asking or being told. Quite often, what is not said is more important than what is said, (Pye, 1986).

According to Ralston and, (1995), a truly, healthy, and lasting relationship among the Chinese requires trust,

bonding, reciprocity, and empathy. These are the interrelated constructs for building holistic relationships between managers and their employees. Hence, it is essential for the managers not to use the traditional Chinese culture regarding seniority and superiority in working or communicating with the employees.

From the findings, Confucianism thus promotes interpersonal relationships between executives and workers. Establishing and cherishing interpersonal relationships can lesson the gap and tension between the superiors and subordinates. In addition to the interpersonal relationship between executives and employees, the company is suggested to provide the additional channels and opportunities for the employees to reflect their feedback back to the management level. To support a two-way line of communication in the company, I would advocate a formal and informal line of "bottom-up" communication. For a formal bottom-up line of communication, RTF management should set up a policy or action to encourage employees to openly give feedback or suggestions (to their superiors). However, consistent with the Chinese-Thai culture, there still is a high power distance in the RTF management structure. In order to

avoid the initial reluctance of the employees to express their ideas or feelings, RTF should encourage a bottom-up line of communication through anonymous measures, for example, a suggestion box. To enhance informal lines of communication, Mr. Chai should meet and talk with his employees, even the blue-collar employees working in the production units. When employees feel that they have a "voice" and their voice is heard, they express a sense of ownership and loyalty to the company.

To encourage employee feedback, the company should consider a mild-version of open book western management. However, they still have to remain cognizant and respectful of the Chinese culture and recognize that there are limits to our initiatives. For instance, the control issue, the Chinese management style is highly centralized and has strict financial controlled. A mild form of open book management might be accepted by the traditional leaders. I believe that sharing production reports with the production employees would encourage them to suggest or recommend ideas that might improve Rian Thong Feed's bottom line. This type of employee involvement would certainly empower these employees.

Organizations also need the infrastructure in place to support communication and collaboration. That is, if it

has an existing infrastructure that enables communication among employees as well as two-way communication between management—especially senior management—and employees.

Infrastructure goes beyond the physical technology of wiring and computers. It also includes elements such as e-mail and applications—for example, message boards, online chat—that allow people to work together or collaborate on a common project, regardless of their location.

The infrastructure facilitates organizational communication and is the vehicle by which senior management relays information to employees. It is the vehicle for constantly communicating to the organization and keeping employees informed about what is happening internally. If used properly, it is also the vehicle that employees use to present their ideas and discuss topics that concern them.

In an organization, communication has to move in two directions. If managers only communicate to employees, communication ends up being a high-tech form of lip service. It's important to recognize that with open communications comes open dissent. Everyone should have the right to voice an opinion. And it is management's

responsibility to address the relevant questions raised by employees.

CHAPTER FOUR

CONCLUSIONS

The purpose of this study is to examine the impact of Confucianism, especially paternalism, on organizational culture in middle sized Chinese company in Thailand. Confucianism focuses on the relationship between man and man, which is defined by five virtues: humanity/benevolence (*ren*), righteousness (*yi*), propriety (*li*), wisdom (*zhi*), and trustworthiness (*xin*). Another focus is on the five relationships between father and son, ruler and ruled, husband and wife, elder brother and younger brother, and friend and friend. This research has made me more aware of the pervasiveness and influence of Confucianism in the Chinese business structure. Through this educational experience, I was able to understand and appreciate the unique differences of the Asian management style. In my opinion, the Chinese management style represents the polar opposite of the Western Management style. For example, Western management is usually decentralized; whereas, the Chinese-Thai style is highly centralized. The foundation of business transactions highlights informal contractual agreements; whereas Western management style strictly abides by a formalized

and legally stringent contract. The involvement of family members in the business is commonplace (if not expected) in Chinese management; whereas; Western management rarely considers this issue a priority.

Findings are consistent with Chen and Chung (1994) in which they observed the influences of Confucianism on organizational communication in Asian countries.

Communication within the organization is emphasized as strict communication patterns that are required for the hierarchical structure of relationship. Intermediary is necessary for resolving a problem or conflict and communication style is non-confrontational.

The organizational structure of Chinese business is typified by family ownership that highlights a small, simple, and informal structure. The Chinese have a distinct authoritarian/patriarchal leadership style that is didactic in nature. The decision-making process is intuitive and swift. Leadership is based on the bloodline. Matthew Montagu-Pollock outlines other distinctive features of Eastern management style as compare to Western management (Chen, 1995).

Western Management Style

- Larger firms are competitive because they can profit from economies of scale
- Management development is the key to raising company effectiveness
- The CEO should delegate management authority to his subordinates and employees

Eastern Management Style

- Companies perform the best when they stay small
- Companies have no management training programs
- It is considered dangerous for the owner to delegate authority.

There are many similarities among Asian management styles. Asian management highlights patriarchy, hierarchy, and networks. Confucianism is a philosophy that has a strong influence on the manner in which business owners operate their business. Strength of the Asian management style is that it promotes quick decision-making. However, in a global economy that is fierce with competition, an unstructured or single leader management structure will have negative outcomes for the Chinese business. Chinese business cannot expand internationally if they are under the control of a couple of key players (owner or sons of

the owner). To expand internationally, delegation of authority is imperative.

This company draws on a Confucianism philosophy. The importance behind the family business is relationships and their obligations, particularly those of father to son and brother to brother, and the values of reciprocity and respect. The Confucian values the importance of the family and acceptance of authority. Confucianism focuses on Chinese family-oriented collectivism, centralized authority, hierarchical order, and seniority based reward system, (Warner & Ying, 1998).

The *Li* concept plays a significant role in the decision making process in this company. The *Li* concept of Confucianism led to the development of a management style known as "rule by man". "Rule by man" means that top decision makers have full power and that decisions should never be questioned.

Consistent with the Confucianism, the family unit in this company is a critical component. The decision-making is *patriarchal*; the father is the unquestioned leader. He takes full responsibility for the future direction of the family business.

However, in Thailand, Confucianism is mixed with Buddhism, Thailand's major religion, which promotes

harmony and peace among people. The result is that Thai management system highlights harmony among the owners and subordinates

According to the Confucianism, family businesses normally include five groups of people: the core family member, close relatives, long term employees, distant relatives, and non-related employees. The core family members are in the dominant positions. For this company, family members hold top management positions in the business. Core members clearly dominate the family business. Even though close relatives and long-term employees are also considered a part of the "family", they do not enjoy the equal rights of the core family members. Therefore, this company performs best when it is either small or specialized in one field of business. When it becomes larger, they do not tend to modify or formalize their management structure. Consequently, many management and organizational communication problems occur in the business.

According to Confucianism, trustworthiness (xin) plays an important role in Chinese company. Loyalty and trust for family members is an obligation and is turned into reciprocity. Often, trust plays a more significant role than legal contracts among business people. Thus,

close family members and relatives are those one can depend on and trust the most.

Chi (or *zhi*) means wisdom, derived from both history and experience. Father and uncles are considered business people who are full of wisdom since they have much more experience. Younger managers, sometimes, need advice from experienced persons for best effective decisions.

CFB lack functional departments such as accounting, human resources, research & development, and marketing. Employees lack job descriptions, which define their roles and duties. The ambiguity that results from this lack of direction creates role conflict and stress that leads to high turnover and absenteeism.

However, it would be incorrect to assume that Confucianism exerts only negative influence on business management. For example, an emphasis on harmony among people reduces conflicts and helps to ensure a smooth running of a business. The western idea that Adam Smith and his liberalism should replace the rigid principles of Confucius may not be the answer. The two ways may be reconciled.

The interviews enlightened me to the importance of maintaining some of the cultural aspects of the Chinese-Thai management style while blending in some of

the Western ideals (in an effort to remain competitive). The respondents that were interviewed revealed their perspective on the Chinese management style. Consistent with the research, the Chinese management style promotes quick decision making; whereas, Western management style had a long decision-making process. However, in some situations, the managers did not have full authority in making the decisions due to patriarchy, respects of seniority, and hierarchy which are the influences of Confucianism. This is consistent with Bond & Hwang, 1986; Smith & Bond, 1993, the heavy influence of Confucian philosophy on Chinese culture which promotes the collectivism in Chinese company that puts more emphasis on hierarchy and family values.

Moreover, they admitted that the Chinese management style lacked delegation of authority, strength of the Western management. From these findings, I strongly suggest that their business is needed to adopt some from of Western management to remain competitive and to support the growth of their business. However, from my experience, many overseas Chinese owned businesses in Thailand are suffering from a common management problem that occurs when the business grows beyond the control of the owner

(father) or his sons, especially when they try to market themselves as a multi-national organization.

Rian Thong Feed has been in operation for more than twenty years. It is now time for the second generation to assume leadership positions in the company. Consistent with the Chinese management philosophy, Mr. Chai, the owner of RTF, expects that Mr. Ping, his son, will be the next president after him. I believe that it is essential that RTF modify their management structure and practices in order to remain a viable competitor in the global business environment. Younger generation manager brings many ideas to the table. He would like to introduce a new vision by formalizing the management structure, delegating authority, and introducing a "two-way" communication system that highlights employee's feedback. He also wanted to introduce and implement a database management system that would enable the organization to become more efficient and effective in managing orders and customer information. However, he does not have the latitude to implement new ideas. All decisions still have to be approved by his father. This management style is influenced by Confucianism that promotes patriarchal and centralized decision-making.

The utilization of human resources is another concern of the Chinese owned business. Obvious job descriptions, job training, and effective appraisal systems are vital for increasing the effectiveness of the business. Involvement of employees is also an important component for the business. I hope to add value to this family business by blending the strengths of the Western management style with the strengths of the Chinese management style. I am confident that this new form of management will propel RTF to the top position in the poultry market (in Thailand) and allow them to compete successfully in the world economy.

There is a common Chinese saying "No family can stay rich for more than three generations", (Chan, 1982). As companies are passed from one generation to another, a typical pattern can be identified. As the owner (father) retires, the second generation begins a cycle of fragmentation. Mostly, in the event that they cannot break up the company, they often are involved in endless power struggles and strife.

This company has been in the agricultural business for over two decades. The company becomes bigger and bigger, from a couple of employees to over one hundred and forty employees. They need a good management and

monitoring system to lead the company to be a tough player in this sector. It is such a competitive advantage of the company that Mr. Chai supported his son (Mr. Ping) to go to the U.S. and pursues MBA in order to improve their management system.

As you will recall, Mr. Ping is the son of the owner of RTF. Mr. Ping is expected to assume leadership role once his father retires. He pursued a MBA at the San Diego State University in California, U.S.A. He graduated two years ago and has assumed a management position at RTF (as a general manager). He intended to improve the effectiveness and efficiency of RTF's production processes and modify the organizational structure. His first objective is to computerize the accounting system to reduce paperwork, and increase the efficiency of the accounting process. He plans to integrate the purchasing, inventory, production, sales, and accounting departments into a computerized system (in the near future).

He realizes the importance of implementing changes in the company's business structure to enhance future survival rates. He also thinks about formalizing the management structure, encouraging a "bottom-up" communication system, and implementing training programs for all of the white-collar and blue-collar workers. He

believes that training programs will enhance employee efficacy and provide them with a sense of ownership thereby decreasing employee's turnover and absenteeism.

To encourage employee feedback, the company should consider a mild-version of open book western management. However, they still have to remain cognizant and respectful of the Chinese culture and recognize that there are limits to our initiatives. For instance, the control issue, the Chinese management style is highly centralized and financially tightly controlled. A mild form of open book management might be accepted by the traditional leaders. I believe that sharing production reports with the production employees would encourage them to suggest or recommend ideas that might improve RTP's bottom line. This type of employee involvement would certainly empower these employees.

In an effort to modernize RTP's management practice, the owners must consider delegating authority. Obviously, both owners will be responsible for monitoring the performance of the company and controlling financial matters. It suggested that weekly and monthly production and sales reports be submitted to both of them so that they can stay abreast of the company's performance. However, conferences with sales managers and salespeople

should be held at least twice a month (to remain knowledgeable about the competitive situation of the company). Again, a mild-version of open book management should be implemented in this process by sharing with the sales people the sale figure in each category and area. By having the functional managers and salespeople participate actively in the decision-making process, employees' efficacy and increased job satisfaction will certainly result.

Designing formal job descriptions is very important. There are a lot of times that the management cannot find the person who is really responsible for a certain duty. Because job descriptions are ambiguous, employees tend to duplicate job efforts. Introducing formal job descriptions will be a revolutionary strategy for RTF. Job descriptions will reduce job duplication and ambiguity and promote efficiency and accountability within the company. The result of this initiative is increased employee satisfaction, and a decrease in role conflict that will reduce job stress. Goal setting techniques are also critical. Goal setting will be used in the performance appraisal system. Employees will be encouraged to identify specific and challenging goals that enhance organizational effectiveness.

To support a two-way line of communication in the company, I would advocate a formal and informal line of "bottom-up" communication. For a formal bottom-up line of communication, RTF management should set up a policy or action to encourage employees to openly give feedback or suggestions (to their superiors). However, consistent with the Chinese-Thai culture, there still is a high power distance in the RTF management structure. In order to avoid the initial reluctance of the employees to express their ideas or feelings, RTF should encourage a bottom-up line of communication through anonymous measures, for example, a suggestion box, and intranet. To enhance informal lines of communication, the owner should meet and talk with his employees, even the blue-collar employees working in the production units. When employees feel that they have a "voice" and their voice is heard, they express a sense of ownership and loyalty to the company.

I think it is important that the owners reorient the management practices of the company by gradually setting up a formal management structure, designing clear-cut job descriptions (for employees accountability), and encourage a two-way communication system that empowers employees. However, I am not suggesting that Rian Thong Feed abolish all forms of Chinese management. The string "tight knit"

family structure is a positive by-product of Chinese management. I believe it is possible to bridge the gap between Western and Chinese practices.

A business person must understand the implications of this strong sense of hierarchy, seniority, patriarchy, and family oriented collectivism, to do business successfully in Chinese context. Small events, which might be irrelevant in another culture, can become important. Business people must keep it in mind that the family is an important component of Chinese business. Family concerns, and relationships, drive business decisions, not the other way around. "What the Chinese have are not so much 'family businesses' as 'business families. When attempting to understand decision-making within a Chinese business, a family tree may be more important than an organizational chart.

Chinese family business (CFB) is the business that is dominated by people employed not primarily because he or she is the most competent or qualified for the job but because of loyalty (presumed by virtue of common blood and locality) to the business organization. This has been the underlying principles that governed many Chinese businesses in Asia including Thailand not so long ago, and still do in many cases today.

It is, however, a different story when Chinese businesses operate in modern economies. In order to succeed, one needs to have a modern organization that separates ownership from management. Here, one may own a company but one needs professional management to run it, which invariably means that such management have to be recruited on achievement criteria (people most qualified for the job) rather than on criteria such as blood ties.

Sometimes the twain meets. Some family members, such as Mr. Ping (the son) in this case, may have the necessary qualifications to do the job in the company. But mostly they do not. Therein lies one of the greatest challenges to Chinese family business in Thailand.

Very few Chinese family businesses, it is said, survive beyond the third generation. The practice of equal inheritance among sons (and nowadays daughters) among the Chinese may create serious problems by the third generation. These problems do not only happen with Chinese family business, but also do in the western family or small businesses. According to Schein (1983), the owners (founders of the organization) tend to hamper the integration of modern management strategies with the traditional management system of the organization because the owners (the founders) will be disproportionately

obsessed with just financial considerations. The difference in family sizes of the second generation further creates strain in the family and often degenerates into bitter court disputes. Shareholding becomes too spread out and no individual from among contending family members emerges as a decisive leader for the firm.

The future research should be focused on conflicts that happen within organizations because the inherently delegated person is incompetent. This may cause fewer problems for low-tech firms than it is for high-tech companies which require more sophisticated organizational structures and specialized experts. Family ties can be so strong that incompetent and untrained relatives are preferred over outside professionals. The person may not be qualified for the job he is responsible for. Moreover, younger generation of family members may have less sentimental attachment to the company built by the founder-entrepreneur. Many of them take on lifestyle or pursuits that may be unrelated to the family business. All of these can cause the serious problems within the organization.

APPENDIX A
CONSENT FORM

Consent Form

The interview that you are about to participate is designed to gather your own attitude, feeling, opinion, and experiences of working in the RTF Poultry Company. Your audiotaped interview will vary from 10 to 45 minutes depending on how much you elaborate on your answers. A follow up interview may be conducted, if necessary at a later time, in order for you to clarify and elaborate on the topic discussed in the first interview. This study is being conducted by Nattakan Rasatapana, an Integrated Marketing Communication (IMC) graduate student. This study has been approved by the institutional review board, California state university, San Bernardino.

Each individual response will never be shared with management or father/owner in any cases. All of your responses will be held in the strictest of confidence by the researcher. Your name will not be reported with your responses. Results from this study may be published, but your name will not be revealed. There will be the disposition of the audiotapes at the end of the study. If you wish to not answer a question, simply say, 'pass' and the interviewer will continue to the next question.

Your participation in this study is totally voluntary. You are free to withdraw at any time during this study without penalty. If you have any questions about this study, please feel free to contact Nattakan Rasatapana at (909) 886-0340 (USA. or nongfaija@hotmail.com. Local contact: Pongson Trakulmekee (075)517322 (Thailand).

In order to contact you later for a possible follow-up interview, you are requested to print your name and provide your phone number in this form. Please be advised that this information will be kept in a locked file in which only the principal investigator will have access.

I acknowledge that I have been informed of, and that I understand the nature and purpose of this study, and I freely consent to participate. I also acknowledge that I am at least 18 years of age.

Print Name

Phone Number

Participant's signature

Date

Researcher's signature

Date

APPENDIX B
INTERVIEW QUESTIONS

Interview Questions (for Mr. Ping, the son/manager)

1. What business is this?
2. What is your position?
3. How many owners are in this business?
4. How many family members are working in the management team?(RQ.1)
5. How many non-relative people are working in the management team? (RQ.1)
6. Among the same level of management team, are they treated equally? How? Why? (RQ.1)
7. Who is the decision-maker? How? Why? (RQ.1)
8. Could you please describe/explain the decision-making process of your company? And please give specific example. (RQ.1)
9. How do you perceive Mr. Chai as your father and as the owner of RTF in terms of fulfilling his duties? (RQ.1)
10. Does your relationship with Mr. Chai as “father and son” affect your decision-making? (RQ.1)
11. What are your duties? (RQ.2)
12. Does this company have formal/clear job descriptions to designate jobs to everyone in the company? / And how? (RQ.2)
13. (If they don't have formal job descriptions), Does that make any problems such as working conflict with your colleagues? / And how? (RQ.2)
14. How do you communicate with your employees? How often how close? (RQ.3)
15. How do you have close-interpersonal relationship with the employees in your company? / And how does that effect communication effectiveness between you and your employees? (RQ.3)
16. What's the mission/goal of the company? (RQ.3)
17. Do you have any suggestion to make improvement for the company?

Interview questions (for Mr.Chai, the father/ owner)

1. What business is this?
2. What is your position?
3. How many owners are in this business? (RQ.1)
4. How many family members are working in the management team? (RQ.1)
5. How many non-relative people are working in the top management team? (RQ.1)
6. Among the same level of management team, are they treated equally? / How? Why? (RQ.1)
7. Who is the decision-maker? Why? How? (RQ.1)
8. Could you please describe/explain the decision-making process of your company? And please give the specific examples of the situations(RQ.1)
9. How do you perceive Mr. Ping as your son and as the manager of RTF Company in terms of fulfilling his duties? (RQ.1)
10. Does your relationship with Mr. Ping as "father and son" affect your decision making? (RQ.1)
11. Who do you expect to assume you position as the owner after your retire? / Why? (RQ.1)
12. As the owner of the company, what are your duties? (RQ.2)
13. Does this company have formal/clear job descriptions to designate jobs to everyone in the company? / And how? (RQ.2)
14. (If they don't have formal job descriptions), Does that make any problems such as working conflict with your colleagues? / And how? Please give the specific examples. (RQ.2)
15. How do you communicate with your employees? / How often / how close? (RQ.3)
16. How do you have close-interpersonal relationship with employees in your company? / And how does that effect communication effectiveness between you and your employees? (RQ.3)
17. What's the mission/goal of the company? (RQ.3)
18. Do you have any suggestion to make improvement for the company?

Questionnaire for the production employees (10 respondents)

1. What's your job responsibility? (RQ.2)
2. Does your company have a formal and clear job description about your job? (RQ.2)
3. How do you think about it? / How? (is it good/clear enough for you) (RQ.2)
4. Have you ever had any work conflict with your colleagues due to ambiguous job descriptions? Please give specific examples of the situations. (RQ.2)
5. How do you receive company information? Please describe (such as e-mail, telephone, announcement, bulletin board, news letter, etc.) (RQ.3)
6. Do you think that you receive enough information about what's going on in your company? (RQ.3)
7. What's the mission/goal of the company? (RQ.3)
8. Do you have close-interpersonal relationship with your supervisor? Please explain how and why. (RQ.3)
9. How do you communicate to your supervisor? Please give specific examples. (RQ.3)
10. Do you think that your opinions are important to the company? Give examples of opinion you gave that was important to the company. How did your boss respond/ treat you? (RQ.3)
11. How do you think your supervisor ever takes your opinion seriously? Please give specific examples. (RQ.3)
12. Do you feel that you are a part of the company in term of trust and loyalty? / How? (RQ.3)
13. How are you satisfied/dissatisfied with you job? (please describe specific examples)
14. Do you want to suggest any changes or improvements of the company that could make you feel more satisfied about your job?

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