



## A Review on Chinese Management Pattern Innovation

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### Abstract

With the rising of Chinese economy, the Chinese management pattern becomes the focus which takes scholars and managers' attention to warmly discuss. In this paper, we analyze and summarize Chinese experts and the enterprise' research on the Chinese management pattern's innovation. So we hope it can lead more people to make deeper research in this area and promote this academic theory.

**Keywords:** Management pattern, Enterprise culture, Management innovation

### 1. Introduction

The Chinese style management is the management pattern that conforms to the Chinese Enterprise actual need and comes from the Chinese management practice. Since the reform and open policy, combining the Chinese own management practice and the outstanding traditional culture with western management theory, Chinese enterprises have carried on the management pattern innovation unceasingly and formed some management patterns with the Chinese characteristics. In recent years, some classical management and operation books with the Chinese elements, have enlightened our country enterprises such as "Tai Ji Management", "Chow Yi Management", "Water Boils the Three countries", "Chinese style Management", "Chinese style Leader", "Middle course Management", "Learn from the People's Liberation Army", "Learn from Army Management", "From Victory to Victory". But we have to say the Chinese management pattern is still in the initial development stage with thick commercial taste. Compared with American management pattern, Japanese management pattern and German management pattern, the Chinese management pattern theory and practice hasn't been formed in system. I hope that the academic circle and business community can pay more attention to "the Chinese management pattern".

### 2. Double Eagle Management Pattern

What is called double eagle management pattern is that: on one hand looks at the government, on the other hand looks at the market; on one hand looks at the Chinese management culture, on the other hand looks at the overseas advanced management mode. This viewpoint stresses that enterprises should consider in a overall view and the "Golden Mean" has manifested itself in the double eagle management pattern.

On one hand looks at the government, on the other hand looks at the market. As surviving and developing in market environment, all enterprises must adapt themselves to the market tendency so that they can obtain the success. At the same time, under government's supervision and regulation, they must conform to government's policy.

On one hand looks at the Chinese management culture, on the other hand looks at the overseas advanced management mode. There are many quite essence which is worth for us to learn in Western management theory. Simultaneously, it should notice that China is one of four world big ancient nations and its management culture is of long standing for five thousand years,. so there are many things which can be used for reference in the chinese managemnet thoughts. Therefore, on one hand we should look at the Chinese management culture, on the other hand look at the overseas advanced management mode in order to make up for our deficiency by learning from others' strong points and combine Chinese management “thought” with western management “technique” harmoniously.

Rational management involves sciential management tool, method and system and instinct management includes the application of western democracy, freedom thought and Chinese Confucianism’s tradition ideological thought. The double eagle management pattern emphasizes the rational management and instinct management equally.

Enterprise management should be carried out closely combined with traditional culture. The Japanese once proudly said that “our management was combining American management science with eastern Confucian thoughts”. Contemporary Japanese management thought is mainly from western countries combined with Japanese national history and traditional culture, which has formed the unique Japanese modern management pattern and has achieved great success. The Japanese management pattern is typical “the instinct + the rationality” management with high effective. Japanese experience indicated that national management culture has vital influence on modern management.

Simultaneously, it also shows that enterprise management cannot only depends upon the introduction of external experience, but also inherit our country’s cultural heritage and take the path which combines with national history and traditional culture.

The double eagle management carrying out management philosophy which conforms to the Chinese culture. It is a management pattern of elasticity, the personification, the tamper force with mercy, many sides’ balance, play to the score. It leads with the brain and the heart, manages with the keen judgment, and operates by self-confidence, flexibility. Its core characteristic concentrates on “two points”: “flexibility” and “balance”.

### **3. General Management System (GMS)**

General Management System (GMS) is a set of management actual operating system developed in the management process coming from the specific management idea, is “the human, the system, the innovation” pattern, and is also a kind of innovation on Chinese management pattern from the enterprises’ view. General management system considered that the human is the most important resources in the enterprise, is the foundation of enterprise management; the system is the law of enterprise management and the innovation is source of enterprise management. The human management enables the enterprise to exist, the system management enables the enterprise to grow strong and the innovation management enables the enterprise to be unfailling. At the same time, after thinking of the management theory and the management practice, General management system raises a set of management patterns based on the multi-dimensional gambling human nature hypothesis. The multi-dimensional gambling human nature hypothesis believes: Manager’s (is possible supervisor also supervisee) human nature has multi-dimensional. In the specific management environment, manager acts according to others’ human nature performance to adjust own behavior, thus forms the management interaction. Here “Dimension” refers to work, life, public relations, love, family, enterprise and so on, but everyone will have different behavior in these aspect. In the specific management environment, there will be a final balance after several times adjustment namely “gambling”. After achieving balance, the management system in fact enters the steady state. In this state the management is extremely easy to have the inertia, if want to change this condition, General management system proposes the “person + system + innovation” management method which remolds the multi-dimensional person in management system, transforms the system and carries on comprehensive innovation to make the management system operate in a higher level. Therefore, General management system is also a dynamic adjust process.

General management system consists of 12 sub-patterns namely: Enterprise innovation droved pattern; Shareholder resources optimization pattern; Enterprise benefit share pattern; Network organizational structure pattern; Enterprise flexible strategic pattern; Rational decision-making cross space and time conformity pattern; Information system forming pattern; Exceeding routine work pattern; Marketing system impetus pattern; Multi-dimensional person remolded pattern; Enterprise transplantable culture pattern; Enterprise comprehensive reengineering pattern. These 12 sub-patterns have comprehensive guidance to the enterprise. It standing in the business management commanding height with reflection on current management theory and summary to existing management practice, expresses abstract management thought vividly with the structural language. At the same time, General management system claim that the enterprise should develop by innovation and expand steadily.

General management system is a management pattern which take setting up world remarkable enterprise as own duty through total research on West and Chinese management thought and successful and failing experiences and lessons of Chinese and foreign famous enterprises. General management system is a set of quite complete theory system, because

there is not only the theory premise which the management pattern is based on, but also the unique core thought and the theory system of management pattern and the operating means and tools of management pattern. In enterprise's practice, General management system is a set of operating system combining with enterprises' actual situation which designs to take different improving measures towards enterprise's different development phases and different management patterns, and finally forms the management pattern conforming to enterprise own actual situation.

#### **4. Philosophy Thinking of Management Pattern**

Through analysis Chinese ancient traditional management thoughts, Liu Tangyu and Tang Kunsong (2003) have constructed a set of new contemporary Chinese management pattern-the management is a process of "self-cultivation and influence on others".

"Self-cultivation" is management premise and starting point. Confucians believed that a good superintendent must raise himself and own good individual quality, because superintendent's perspective decides enterprise's future. Self-cultivation can be believed very important.

Management's goal and foothold lie in "influence on others", and it mainly aims at the supervisee. The superintendent through the benevolent, righteousness, the principle, the wisdom, the credit, improve himself unceasingly, then through management's activities, affect and lead others to achieve "influence on others" goal.

Best management principle is integration of the emotion, the advantage, the law and the principle, and requires moving people by the emotion, driving people by the advantage, equal by law, convincing people by principle. Moving people by the emotion is based on Confucianism of "human original nature is friendly", and it is that requests the superintendent influence the supervisee on positive side. It is quite equal to current "Humanist". Driving people by the advantage is in accordance with "the advantage" of the Mohist pursuing consistently, driving the supervisee through the material interest. Equal by law, namely "Nothing can be accomplished without norms or standards", requests the superintendent to formulate the rules and regulations which all staffs (including the superintendent) should comply with reflecting fair management. Convincing people by principle is "the virtuous rule", referring that the management should be established on the moral rule premise and observes the commercial ethics. Simultaneously, management must "play to the score" and it is composed of management strategy and management tactics. The former is represented by "soldiers are in changeable circumstances but water is variable shape" in *The Art of War*, but the latter is the famous saying of "opponent, fight". "Hands-off" in thoughts of Lao zi and Zhuang zi, this is the supreme state of management. It requires superintendent not to do nothing but comply with the nature without action recklessly. So-called "ruling a great nation just like cooking a small delicacy" is the soul of Taoism management, which had ever formed "Wen Jing Zhi Zhi" in Western Han Dynasty. Until now, this still should become the supreme state of modern superintendents' pursuing.

The above management philosophic thinking is the essence of traditional thought which implicated in five theories of Confucianism, Mohism, Cabalism, Taoism, and Bingism. Management pattern based on this is Management pattern with Chinese characteristics.

Although someone have already analyzed Chinese management pattern in a philosophical point of view, these view hasn't been formed into scientific system, especially in practice.

#### **5. Enterprises Thinking of Management Pattern**

Enterprise management pattern serves enterprises, thus, any enterprise management pattern must come from it and give back to it. It is more significant that some scholars analyze Chinese management pattern from the aspect of the enterprise.

Zheng Heping (2003) considers that management pattern contains structure factors and support factors. Structural model is made up of four essential factors: enterprise culture and management idea, managerial technique, management system and rules and regulations, decision-making and leader system. These four essential factors are indispensable, because lacking of anyone can cause the structural model invalid. We agree with his thought that the enterprise culture and management idea is the core component of structural model, because they will affect enterprise's strategic planning and orientation, and what kind of enterprise depends on the what kind of culture. The managerial technique includes management method and management regulation, and the former is relatively independent but the latter influenced by other factors have to interact with them. Management method is the tool of the enterprise used in resources concentration process, involving in the allocation of resources in an effective way. Management regulations decide the flow, direction, way and form of enterprise's three-flows (cash flow, goods flow, information flow). Management system contains segregation of duties, information and instruction transmission system. Rules and regulations including every part from property rights system to enterprise's all interior system which are the criterion and standard of the enterprise and workers' behavior in enterprise. The decision-making and leader system is the organizational structure and organizational connection of the enterprise making effective decisions. Managerial technique, management system and rules and regulations and decision-making and the leader system all may duplicate and use for reference, but

enterprise culture and management idea are core competitiveness in enterprise which are raised and formed in enterprise would rather draw from the outside directly. Support model includes person's quality, product technology and business goal and target market that support enterprise develop together. Emphasizing the important role of talented person and technology meets the actual need of our country development now.

Based on the above, Qicheng Lu(2006) proposes that structure factor contains five aspects: property rights system, enterprise culture and management theory, decision-making and leader pattern, managerial technique and management system and organization pattern. And property rights system is the core factor of them, because it is a decisive factor in enterprise and is also the foundation of other four essential factors playing the role. This thought has certain truth. So long as the property right is clear in enterprise, the responsibility will be distinct and the enterprise can operate orderly, so the above view is rational. Support factor is made up with staff, product and service, enterprise strategy goal and customer. The above factors can't play its all role until they interact with each other in management according to certain rule.

## **6. Other Thoughts**

### *6.1 Rational Management and Irrational Management*

The rational management pattern's hypothesis is that the human is considered as "the economic man" pursuing the benefit maximization and their actions are outcome of thinking and behavior to realize oneself maximum benefit according to logical principle and experience. Therefore, the human may be induced and controlled through the system and the benefit mechanism. In the management means and method, the rational management pattern stresses "the digital management", places great emphasis on the quantitative model and logical program of the decision scheme and highly praises using the production technology, the management structure and the management flow formulation to achieve the efficiency goal. But the irrational management pattern's hypothesis is that the human act according to the desire, the fervor and the will.

Nie Zhengang (2000) thinks that there is a deviation all time in Chinese management pattern by analyzing whole orientation of recent two decades' Chinese management pattern; therefore he proposes that the rational management should be in the dominant position in the Chinese management pattern of the rational management combined with the irrational management. He firmly opposes "carry out the scientific management firstly, and then implements humanism". He also opposes putting the emotion management into practice in stages and advocates parallel theory. Simultaneously he also considers the rational management as the primarily battlefield. If want to own "the digital survival way", we have to establish the perfect digital administration mode. He proposes scientific organization structure, operating decisions and production management should be established and scientific information management should be implemented. Although he has realized the irrational management's importance with time modernity, he hasn't placed the irrational management at the same important position of the rational management and still thinks the rational management is leading role. His idea is greatly different from the present thinking: the rational management combining with the human resources management is the theme of Chinese management development in the 21st century.

### *6.2 Dapeng Pattern*

Under the internationalization background, the trans-culture confliction in Multinational Corporation and Co-partnership Company indicates that management science principle must be integrated with specific traditional culture of various nations. Pan Chenglie has proposed the Chinese characteristic management pattern –Dapeng pattern: Some basic or guiding principles of Chinese characteristic management are in the head of the bird which play the role of guide; The bird body is the successful experience which is summarized and refined in the long-term management practice in enterprise, and has certain universal significance; The bird has two wings: one is making foreign things serve China, and the other is making the past serve the present. He also thinks that it's time to form the Chinese characteristic management pattern when these four parts are gradually mature and assembled a bird. But he hasn't given an account of how to "assemble". Do simply put pieces together or compose an organic whole? He only proposes a simple outline rather than discusses deeply.

The author believes that Dapeng pattern has given one kind of the thinking frame of Chinese management pattern theory innovation and experts can "fill in" the concrete content according to own research and summary.

### *6.3 Chinese enterprise "Community Individuality"*

In these years, Chinese Enterprises have industriously learned from the European and American Enterprise, simultaneously, realized that Chinese Enterprises should keep their own "individuality" which different from European Enterprise's steady management and northern America Enterprise's opening management. At the Chinese enterprise high-level forum and exhibition on the personalized ERP application achievement, Xu Shaochun the president of Golden Butterfly group stated: "the community individuality showing in the Chinese Enterprise is one kind of Chinese management pattern." There are many enterprises with their own individuality in china, and this unique individuality

has already become their core competitiveness.

The causing of Chinese enterprise's "community individuality" is based on the following three market characteristics: The market changes and develops with high speed in China; China is switching from a big manufacturing nation to a big independent innovation nation; Chinese leads Chinese enterprises, whose management style are influenced by Chinese culture of 5000 years.

In theory circle, there is a point of view that putting common character of the successful Chinese enterprise management idea and method in practice together is Chinese management pattern. But there are still many difficulties on how to concentrate the outstanding common character.

### **7. Enterprise Practice of Chinese Management Pattern**

Huawei's success is a very good case of Chinese management pattern. The reason why Huawei is researched by people crown by "the phenomenon" is that its assets has been expanded more than 1000 times for 10 years and it possesses unique enterprise culture and management mode, such as, the militarized management, more or less some closed and paternalism ironhanded enterprise culture, market route of "the rural areas encircling the cities" and so on. This kind "the localized wolf" color seems out of harmony with developing the international market significantly and spending more than ten million dollars on inviting the international consultant firm to adjust management flow, but "localized as well as foreign" Huawei succeeded.

Haier pattern is another good example of Chinese management pattern. Haier management system and pattern gradually mature with Haier's development, which switch from a refrigerator factory on the wedge of bankrupt to a current internationalization company. Haier's development has also reflected enterprise management pattern transformation in the process of changing planned economy to market economy in our country and the process of management innovation after learning from the west. It roughly covers four stages:

The first stage is from the disorder to the order. In Haier's early stage, Zhang Ruimin had stipulated 13 rules, so the chaos gradually changed better. And he set up the quality sense and brand awareness through smashing the refrigerator and a series of action.

The second stage is from the order to the system. The introduction of quality certification system, especially American UL quality certificate, had laid a good foundation for the establishment of Haier's management system.

The third stage is from the system to the promotion. It mainly revealed the management concept transformation from product to talents. Haier established the OEC rule, one of which is "never put off today's matter to tomorrow, improve every day" effectively enhanced staff's quality.

The fourth stage is from the height to the extension. Haier's management were enhanced from all parts and multi-dimensional management philosophy were systematically completed, including survival philosophy, staffing philosophy, operation philosophy, service philosophy and so on.. Hence, the Haier management pattern of Chinese characteristic has formed, leading many enterprises to study competitively.

### **Conclusions**

Chinese management pattern is also in the process of developing and innovation unceasingly, not just because the management itself is the process of solving the contradictory gradually, but also because there is unique circumstance in China. Because China is a developing country, compared with developed countries with over a hundred years history of enterprise management, especially in small and medium enterprises, Chinese enterprise management is quite still immature, and operation flows are changed and adjusted frequently. In addition, socialist market mechanism has experienced the reform process from the establishment to the improvement in these years. The frequent organizational reform has brought many more new tasks to enterprise management, and prompts Chinese enterprise to adjust and improve management pattern unceasingly. With Chinese management steady mature by study and innovation, Chinese management pattern will be enhanced to the theoretical level, and will produce profound and widespread effect.

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