Comments on Relevant Study on Corporate Culture

across the Taiwan Straits

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Abstract

With more and more frequent economic and trade exchange across the Taiwan Straits, interdependency between Taiwan and the mainland China has been increasingly higher. However, as a result of separation of Taiwan and mainland China in the past one decade or so, the two sides have already had great differences in terms of culture and behavior pattern. Understanding of similarities and differences between the national culture and corporate culture of the two sides has great significance both to the academic field and enterprises. Through study on cross-culture and relevant study on differences between culture of the two sides, it has been discovered that, although there have been some empirical research achievements about the national culture and consumption culture of the two sides of Taiwan Straits, still a reliable research about corporate culture of the two sides has not been conducted, which is also a feasible direction for research in the future.

Keywords: Enterprises across Taiwan Straits, Taiwan merchants, Corporate culture, Cross-culture study

1. Preface

Ever since the beginning of the 1980s, considering the reasons of cutting down on cost and spreading risks, Taiwan enterprises started to enter and make investment in mainland China. In December 2001 when the mainland China formally entered the World Trade Organization (WTO), Taiwan businessmen took full advantages of the this important historical opportunity and further expanded their investment in mainland China. By the end of the year 2006, Taiwan merchants had already had 71414 investment projects in mainland China, adding up to an amount of US$100 billion by agreement and an amount of US$43.7 billion of actual investment, accounting for 6.5% of the total foreign investment amount in mainland China (http://www.idic.gov.tw). If the amount that was shifted in investment through a third country or region was counted, Taiwan merchants were the largest foreign investors in mainland China ranking only second to Hong Kong.

Nevertheless, although Taiwan and mainland China had the same culture and the same race, as a result of political estrangement in former days, great differences had come to existence between the Taiwan and mainland China in terms of living habits, political and economic environment, and methods of dealing with an affair by the enterprises and the government. Quite a large number of Taiwan merchants found that, it would not necessarily accord with the situation of the local area to indiscriminately imitate the operation mode in Taiwan to mainland China. Therefore, study on differences between corporate cultures of Taiwan and mainland China has positive significance to the economic and trade interaction of Taiwan and mainland China.

2. Review of theories of cross-cultural study

2.1 Cross-cultural study by Hofstede

Ever since 1967, Hofstede (Hofstede G., 2003) took almost 160,000 managers of IBM across 40 countries as the research object and discussed influences of national culture in different countries or regions on the values of work. By the year 2001, his research had expanded up to 74 countries and regions.

Hofstede summarized the following four cultural values (Hofstede G., 2003) that are related with work:

1.　Power distance, which refers to degree of acceptance by members with distribution of unfair authority who are wanting in power in the society or in an organization.

2.　Individualism, which means that those countries with strong individualism are instable in their group association in which what individuals are concerned about is themselves or their family members. On the contrary, those countries with weak individualism have strong cohesive force as a group, in which

individuals are integrated into a small group with strong cohesive force the moment they are born and get protection from their loyalty to the group.

3. Uncertainty avoidance refers to the degree of threat perceived by members in a culture as to a situation that is uncertin or they have no idea at all.

4. Masculinity (or Menplus) refers to a society in which masculinity is more obvious focuses more on difference between the roles of male and female and in which a male ought to be decisive and concentrate on success of career, whereas female ought to be docile and dedicated to the quality of life. By contrast, in a society in which masculinity is relatively weak, the role of gender is more overlapping and both male and femae should be modest and docile and care about life, but not career.

In the later period of 1980s, with booming economy in Japan, South Korea, Hongkong and Taiwan, Hofstede and Bond (Hofstede G. & Bond M H., 1988) began to discuss the impetus behind the economic success in East Asian countries from the perspective of Confucianism cultural value and put forward Confucian dynamism or long-term orientation as the fifth aspect of cultural value. Those countries with high Confucian dynamism were characterized by being tough and tensile, being self-control, stubborn, frugal, secure and harmonious. So far, Hofstede has already conducted measurement of long-term orientation in 23 Asian countries and regions.

It can be said that study by Hofstede has been, so far, the most comprehensive and most widely accepted study on national culture. The four major dimensions of national culture he proposed not only turned out to be the major coordinate system for later study on cross-culture, but also offered effective reference framework for multinational enterprises. Although study by Hofstede still has its drawbacks, such as, his initial study was limited to a single enterprise (IBM), took managers as the research object and was confined by the thinking mode in western countires, still his study has great value.

According to study by Hofstede (Hofstede G., 2003), the attributes of Chinese culture were as follows: the longest long-term orientation (with a mark of 118), individualism lower than the average value of Asian countries (with a mark of 20), power distance higher than the average value of Asian countries (with a mark of 80), medium low uncertainty avoidance (with a mark of 30) and medium high masculinity (with a mark of 66). Hofstede thought that the total mark of Chinese culture indicated the spirit of toughness and tenacity, patience, emphasis on collectivism and loyalty among Chinese people, while higher power distance was mainly affected by the traditional Confucian culture.

2.2 Other relevant studies about Chinese culture

There are lots of relevant studies on Chinese culture, but only a few studies based on empirical material. For example, the sinology master Liang Shuming listed seven features of Chinese culture with the purpose to explain the peculiarity of Chinese culture (Cai Wenhui, 2001):

1. Chinese culture was independently created and developed and gradually formed, but not under other influences.

2. Chinese culture was characterized by its establishing its own system and was largely distinguished from other cultures.

3. The ancient cultures that were created in the same period with Chinese culture in the history had either come to a premature end, or transformed to an easier form, or had lost their national life of independence, while only China was able to extend its national life of independence with its culture created by itself which still towered independently.

4. Going back to the former history of China, its power to assimilate other cultures was the greatest. As for any different foreign culture, China was also able to either contain and absorb it, but would not be swayed and altered by this foreign culture.

5. The great appealing force of Chinese culture could attract lots of neighbouring countries and foreign nationalities to integrate together to become the great Chinese nation with a vast territory. This indicated that not only Chinese culture had had a long history in time, but also had spread towards a vast area in space that was out of reach.

6. Chinese culture displayed high appropriateness and harmonicity inside itself and had attained the state of cultural maturity.

7. Influences of Chinese culture on other countries were far distance and great.

According to Qian Mu, western culture concentrated more on religion and science, while Chinese culture placed emphasis on morality and arts. Religion and science are outward, the religion concentrating on the heaven and the God and the science concentrating on the nature and all things on earth, and both of these two were outside

human beings. In contrast, morality and arts belonged to the aspect of human life and were noumenal and interior of human life. Morality came from the inside of human life and Chinese culture pursued arts which also came from the inside of human life. Thus, the spirit of western culture was outward and the spirit of Chinese culture was inward (Cai Wenhui, 2001).

From the perspective of western countries, Lockett (Lockett M., 1988) put forward the following four characteristics of Chinese culture:

1. Showing respect to the elderly and the superior. Respect for the authority led to concentration of the authority of decision making, and Chinese people were likely to accept gap between different classes.

2. Face and harmony. Once one person lost his face, then the entire internal management flow would be affected. The communication and exchange means of Chinese people were more euphemistic.

3. Team orientation. Chinese people considered themselves a member of a certain group, a small group or a unit and strictly distinguished "internal persons" and "external persons".

4. Importance of personal relationship. In a circle, the intimate relationship between individuals might exert significant effects upon a team.

Bu and Mckeen (Bu N. &Mckeen C A., 2001) made a comparison between the working values of students in business colleges in China and Canada and found that Chinese people placed more emphasis on intrinsic rewards, routineness and predictability of work and morality, but they seldom paid attention to balance between work and life.

In his comparative study on mangers in China and in US, Chang (Chang S K C., 1985) also discovered that Chinese culture was endowed with stronger collectivism. He found that a large majority of US mangers attributed their success to their own effort and genius, whereas Chinese managers attributed more their success to their family, colleagues and even the whole society. Farh, Dobbins and Cheng (Farh J L. Dobbins G H. & Cheng B S., 1991) also found out in their study on self evaluation among Chinese employees that, evaluation of Chinese employees on their own performance was usually inferior to evaluation on themselves by their superiors, which was exactly contrary to the research result under a western culture background.

Melewar, Meadows, Zheng and Rickards (Melewar T C, Meadows M, Zheng W Q & et al., 2004) thought, the major difference between Chinese culture and western coulture lied in that in western culture, individualism was the leading value, whereas Chinese culture contained more collectivism. For instance, until now, there still had been families in China in which three generations or even four generations of the same family lived together. Hence, Chinese people kept the habit of showing respect towards the elderly. In addition, in the Chinese market, the phenomenon cannot be ignored that a company or a governmental unit purchases in large quantities products to distribute to its employees. Thereof, quite a lot of markets promoted some gift certificates that were uniquely intended for an institution. Collectivism is also embodied in emphasis of Chinese people on interpersonal relationship and social intercourse activities.

Chan (Chan B., 2005) found that in his study on long distance teaching institutions in Hong Kong that, under the circumstance of Chinese culture, mangers who paid more attention to such personality features as human relationship, face, harmony and leadership, etc., were more likely to increase profit of the team. Especially, harmony played an extremely important role in Chinese culture.

Noronha (Noronha C., 2002) studied influences of Chinese culture on Total Quality Management (TQM). He found out that, Chinese culture had the following several features and these features were beneficial to Total Quality Management.

1. Abasement

2. Adaptiveness

3. Harmony with people

4. Harmony with the universe

5. Interdependence

6. Respect for authority

7. Sincerity

3. Comparison of differences between cultures of Taiwan and mainland China

3.1 Relevant statement on cultures of Taiwan and mainland China

According to Zhao Huike (Zhao Huike, 2005), essentially, Taiwan culture was a sort of local culture in Chinese culture and was part of the organic component of Chinese culture. However, due to historical factors, Taiwan

culture became diversified, including aborigines culture, modern western seapower culture, Fujian and Guangdong culture, Japanese colonization culture, Chinese traditional culture, modern European and American political culture and the public consumption culture, which all exerted effects upon formation of Taiwan culture.

Liang Zhongdou & Huang Meiyu (Liang Zhongdou & Huang Meiyu, 2002) conducted a study from the perspective of the history of relationship between Fujian and Taiwan, holding the viewpoint that Taiwan and Fujian had a history of "collegiality by Fujian and Taiwan" for as many as two hundred years in the period of Qing Dynasty, and more than 80% of immigrants with Han Nationality in Taiwan came from Southern Fujian whose language, habits, customs, arts, building and folk belief all derived from the same origin with people in Southern Fujian. Thus, Taiwan culture should be defined as part of culture in Southern Fujian.

Some academics in Taiwan pointed out differences of cultures in Taiwan and mainland China from the perspective of their own experiences or literature review. For instance, Yang Du (Yang Du, 1991) thought, mainland China had a vast territory, so a journey by taking train from Beijing to Urumchi took several days, while in Taiwan, a journey by land transportation from the northern part to the southern part took at most eight to twelve hours, and a journey which lasted for as long as several days was unimaginable to a common Taiwan person. These differences in terms of time and space led to great differences between people in Taiwan and mainland China in terms of thinking and behavioral habit, especially toughness and patience.

According to Zhu Hongyuan, in Taiwan, a government which regarded the willpower of people as its administration direction had been formed. Most intellectuals in Taiwan were able to express their ideas and opinions via newspaper and television and became leaders of opinion in the society. Thus, a social structure closer to regular triangle was taking its shape in Taiwan. By contrast, restrained by the social structure of pointing triangle, intellectuals in mainland China had fewer channels to express their opinions and, what's more, their opinions would not necessarily be adopted by the party in power. These differences in political structure and expression of national opinions would also exert influences upon culture (Lin, Anwu, 1992).

3.2 Relevant empirical study

According to study by Hofstede on national culture, although Taiwan and mainland China had the same culture and the same race, still some differences existed between them in terms of culture. Marking of Taiwan in the aspects of long-term orientation, power distance, masculinity and individualism was lower than mainland China, but its uncertainty avoidance got a higher mark than mainland China (Hofstede G., 2003).

Insert Table 1 Here

Considering other empirical studies, in their comparative study on consumption habits of female in Taiwan and mainland China, Liao, Bei & Widdows (Liao, T J, Bei, L. T. & Widdows K., 2005) found that, female in mainland China had deep consciousness of family and were more traditional, with a higher degree of participation in the society. On the contrary, deeply affected by western cultures, female in Taiwan placed more emphasis on individuals.

Chang & Huang (Chang L C. & Huang C C., 2005) thought, although Taiwan and mainland China had a common cultural and historical background, estrangement in politics for almost fifty years resulted in different sub-cultures. For instance, in terms of the behavior of purchasing healthy food, Shanghai consumers tended to purchase healthy food and often picked out and bought healthy food for their family, while consumers in Taiwan were less sensitive to the price of commodities and had high requirement on the quality of food.

At present, most studies about cultures in Taiwan and mainland China are concentrated on such aspects as consumption culture and behaviors of employees, but there are only a few empirical studies on corporate culture. Hu, Yung-Ho (Hu Yung-Ho, 2003) discovered in his study on the 91 Taiwan merchants in mainland China that, a large majority of Taiwan merchants believed differences existed in cultures of Taiwan and mainland China and differences in politics were more significant than differences in social humanity. However, through further analysis, he found that corporate cultures in Taiwan and mainland China did not have significant differences, but cultures in Taiwan and mainland China also didn't have obvious effects upon corporate culture and the management strategy.

Taking into consideration of all viewpoints by the above academics, this research study concludes that Chinese culture in both Taiwan and mainland China is the standard for Chinese national life and behaviors of the national people. Of course, there exist some differences as a result of temporal and spatial estrangement, so appropriate adjustment is required in operation and management to adapt to requirement of local area.

4. Conclusion

This research study reviewed cross-cultural study by Hofstede and relevant empirical research data about Chinese culture. The Chinese culture is characterized by focus on collectivity, harmony, modesty, tolerance and adaptation to the environment, etc. In comparison of cultures in Taiwan and mainland China, we can find out

through limited empirical material that, although Taiwan and mainland China have similar historical and cultural background, after isolation from each other for almost a decade, part of values have had distinctions. Thus, Taiwan culture can be considered a sub-culture of Chinese culture.

However, for the time being, studies on cultural differences between Taiwan and mainland China are merely confined to such aspects as national culture and consumption culture, and studies on corporate culture and its influences is still wanting. Subsequent researchers may conduct a study by considering whether corporate cultures in Taiwan and mainland China have any difference, the type of corporate cultures in Taiwan and mainland China and influences of corporate cultures in Taiwan and mainland China upon corporate performance, which may have great benefit to development of economy and trade across Taiwan and mainland China.

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Table 1. Comparison of dimensions in national cultures of Taiwan and mainland China

	Power distance	Individualism	Masculinity	Uncertainty avoidance	Long-term orientation
Mainland China	80	20	66	30	118
Taiwan	58	17	45	69	87

Data source: http://www.geert-hofstede.com/ of Hofstede