THE COSMOPOLITAN CHINESE MANAGER:

FINDINGS OF A STUDY ON MANAGERIAL VALUES ACROSS THE SIX REGIONS OF CHINA

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Abstract

As China emerges as a major player on the international business scene, it is becoming increasing important for Western businesses to understand the work values and behaviors of the people in this large and regionally diverse country. Thus, the focus of this study is to identify work value differences across the 6 regions of China. In the process of developing these comparisons, we identify region-clusters based on the infrastructure characteristics of the regions. Then, in order to present the findings in a manner that is meaningful to Western business, we developed our comparisons using a cosmopolitan-local orientation to illustrate the degree of compatibility of values in the various regions with Western values. One result was the identification of the emerging Cosmopolitan Chinese manager.

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China is a sleeping economic giant that has already begun to awaken [Linn, 1992; Nee, 1992]. Overholt [1993] observes that "the People's Republic of China is now only a few years away from becoming an economic superpower." Concurring, the Economist [War of the Worlds, 1994] predicts that China will be the number one economic power in the world within the next 25 years. Whether this comes to be or not, clearly, China is emerging as a force in today's world of business ["China's hot investment," 1994].

Thus, Tung [1994] has ardently argued that it is important for Western business people to understand the mindset and values of their Chinese counterparts. In this paper, we extend that point by arguing that it is important for Western business people to understand the diverse values held across the various regions of China, because just as societal cultures can differ, regions within a society can vary, especially if that society is large and complex [Goodman, 1992; Robertson, 1993], and China clearly meets both of these criteria [Goodman, 1989].

A reason for China's potential lies in its large, diverse population of nearly 1.2 billion—five times the population of the U.S. [James, 1989; Worden, 1988]. Even though China has a GNP that puts it in the underdeveloped country category ($498 per capita in 1994), it is presently the world's third largest consumer economy [Li, 1996; Summers, 1992; World Bank, 1990]. And, China has averaged a 9.5% real rate of GNP growth from 1979 to 1994—with a 14.7% increase in 1993 being the highest [Biggs, 1993; "China Feels," 1993; Li, 1996; Tuan, 1994]. China has also experienced an explosion in foreign investment ["Foreign Investment, 1993; Golik, 1994]. From 1979 to 1989, the first eleven years after China announced its new Open Door Policy, it received over $30 billion in actual investment, with 1994 committed investments in excess of $100 billion. Thus, China is a country that is rapidly becoming a huge market for, as well as producer of world goods, as is evidenced by the increasing number of Western businesses that are trying to enter the Chinese market [Fukasaku & Wall, 1994].

However, while China's large population makes it an appealing new market, differences due to regional diversity can contribute to the confounding nature of Chinese business tactics. China's billion-plus people speak a multitude of dialects, consist of distinct ethnic groups, and follow local customs that have remained substantially intact over time [James, 1989]. This regional isolation was initially due, in large part, to China's limited infrastructure and hostile terrain [Worden, 1988]. Over the past half century, this isolation has resulted more from Communist government policy that has severely limited movement within the country [Worden, 1988]. The sustained lack of contact with others outside one's region means that values may have evolved differently for individuals from the various regions based on their own unique environmental influences. Thus, in order to understand the values of Chinese business people, it is necessary to look at the work values held by business people in the various regions of China because these values may differ.

The problems that Western businesses and their expatriates have had understanding Chinese ways of business are already documented [Domsch & Lichtenberger, 1991; Tung, 1986; Weiss & Bloom, 1990]. Thus, those who want to comprehend the issues associated with doing business in China, face the challenge of acquiring an understanding of Chinese values [Tung, 1994]. Our goal in this paper is to develop a regional analysis of values in China that will be meaningful for Western business.

OBJECTIVES OF THE STUDY

Over the past decade, researchers, most notably Michael Bond—from the psychological perspective—and Rosalie Tung—from the managerial perspective—have begun to explore Chinese work values [Bond 1988a, 1988b, 1991a, 1991b; Bond Hwang, 1986; Bond & King, 1985; Bond & Yang, 1982; Chinese Culture Connection, 1987; Ralston, Gustafson, Cheung & Terpstra, 1993; Redding, 1990; Tung, 1981, 1982, 1986, 1988, 1991, 1994]. However, our review of the literature identified only one study that has attempted to assess regional work values differences in China. Huo and Randall (1991) using secondary data compared Beijing (n=44) and Wuhan (n=47). Although not statistically determined, they identify differences between these two regions using the Hofstede value survey as their measure. Similarly, our review did not identify any cultural frameworks that were specifically appropriate for a cross-regional comparison of Chinese work values. Thus, before we empirically tested for regional differences in China, we wanted to identify a theoretical framework upon which to base our comparisons.

Given the dearth of theory upon which to anchor this study, our preliminary objective was to develop a rationale upon which an empirical investigation of regional differences could be based. First, we needed to determine the likely sources of cross-regional differences in China. Second, after an approach for identifying the potential sources was resolved, we needed to determine what constructs would be both appropriate for measuring the differences and appropriate for providing Western businesses with useful information about Chinese work values. Along with these objectives, we kept in mind concerns that have been raised regarding the need for a stronger theoretical foundation in cross-cultural research [Negandhi, 1975; Ricks, Toyne & Martinez, 1990]. Thus, we had as a goal not only to develop an approach that could be applied to China, but also one that might be a prototype for future research to use to develop a generalizable model for assessing cross-regional differences.

Once these preliminary objectives had been met, we were ready to develop hypotheses on the relationships of the regions to one another and to identified appropriate instrument measures to evaluate these relationships. Since the fundamental goal of this study is to provide information that will help Western businesses to better understand Chinese work values, the hypotheses were designed to assess the values of managers from the various regions in terms of their compatibility with Western values. Finally, based on our findings, we

attempted to draw practical implications that illustrate how the effect of these differences influence the ways to view and deal with Chinese business people.

REGIONAL DIFFERENCES IN CHINA

In this section of the paper, we will briefly overview the groundwork for the empirical part of our study, by discussing our approach for determining the sources of cross-regional differences and our approach for comparing the regions. We begin, however, by identifying the six regions into which China is officially divided, since these are the focus of our study [James, 1989]. The regions, and the corresponding cities in which the data were collected, are: North (Beijing), East (Shanghai), Central-South (Guangzhou), Northeast (Dalian), Southwest (Chengdu), and Northwest (Lanzhou). We selected these cities for our sample—all of which have populations of more than one million—because they are economic centers of the regions. Thus, while this analysis may not capture all the within-region nuances, it should provide an empirical foundation for understanding where there are work value differences across the regional business centers of China.

Identifying the Sources of Cross-Regional Differences

While frameworks such as those proposed by England and Lee [1974], Hofstede [1980], Hofstede and Bond [1988], Kluckhohn and Strodtbeck [1961], and Triandis, Vassiliou, Vassiliou, Tanaka, and Shanmugan [1972] are useful, none sufficiently addressed the uniqueness presented by a within-country study. Thus, after considerable investigation, we selected the materialist approach—a model of the ecological perspective—as a theoretical foundation. A strength of this approach is that it integrates both the evolution and the structure of a society—factors truly important for understanding China, as well as many other cultures [Harris, 1980; Sanderson, 1991]. And, philosophically, the materialist approach is supported by Granovetter and Swedberg [1992] in their discussion of the embeddedness debate in socio-economics [Granovetter, 1985], as well as being consistent with the culturalist-institutionalist approach [Mizruchi & Schwartz, 1987; Whitley, 1992]. Thus, conceptually, there is broad-based support for the materialistic approach.

Specifically, the materialistic approach identifies a culture as consisting of three components: an ideological superstructure, a social structure, and a material infrastructure (Harris, 1979, 1980). The superstructure consists of the values, attitudes, and norms that are shared by the members of a society. The social structure is composed of the behavioral patterns and activities of the people. Thus, the social structure is differentiated from the superstructure in that the social structure consists of what people actually do rather than what they think (Sanderson, 1991).

Both the superstructure and the social structure are determined by the infrastructure. That is, the values and behaviors of individuals evolve from the influences of their infrastructure—the most basic component of a society (Harris, 1979). Infrastructure influences may include: aspects of the physical environment, the means of producing and distributing goods, the tools and techniques that are used, and the demographic nature of the inhabitants. Therefore, to determine the values and behaviors of individuals in a given society, one needs to identify the society's infrastructure—the amalgamation of forces that shape a society's values [Sanderson, 1991]. In essence, the logic of the materialist approach is that the values and behaviors of individuals are determined by the influences of their infrastructure—the most basic component of a society—which in turn are derived from the society's evolution and structure [Harris, 1979].

The argument has been made that similar societal issues are relevant when comparing regions of a country, where regions may be viewed as subcultures—groups that share the overall culture of the society, but which also have their own distinctive values and norms [Robinson, 1993]. To differentiate regional values and norms, we needed to identify the relevant regional infrastructure influences for the comparisons. Thus, we began by evaluating works that identified environmental factors that fit the definition of infrastructure influences for China. From our review, the factors that we identified were: economics, education, geography, history, law, politics, religion, and technology [Bond & Hwang, 1986; Deresky, 1994; Harris & Moran, 1991; Kluckhohn, 1961; Laaksonen, 1988; Ronen, 1986; Terpstra & David, 1991; Tung, 1993]. This collectivity of societal influences provided us a starting point for developing a set of regional infrastructure influences that we could use for China.

<u>**Regional Similarities and Differences**</u>. Our evaluation of the infrastructure influences indicated that some were homogeneous country-wide, and therefore not pertinent for regional comparisons. Specifically, in China, ideology (e.g., politics and law) have been fairly universal across the regions since the 1949 communist takeover [Feuerwerker, 1992; Gamer, 1991; Worden, 1988; Zuo, 1991]. However, if we look back 2000 years, the one ideological constant in China has been Confucianism [Chen, 1991; Laaksonen, 1988]. Confucianism has epitomized the core values of China since the Han dynasty (206 BC - 220 AD). Its philosophy is deeply embedded in the minds of the Chinese [Chen, 1991]. Societal core values change very slowly, and even Mao's Great Cultural Revolution (1966-76) could not destroy the centuries of adherence to Confucian values [Lachman, 1983; Yang, 1988b; Zuo, 1991].

Thus, we found regional differences in China to be influenced by historic precedents, geographic location, economic development, educational level, and technological sophistication. While these categories of cross-regional differences are interdependent, for sake of discussion, we have paired the historic and geographic influences because they tend to be indicators of a region's past evolution, while economic, technological, and educational influences, are better indicators of the present structure of the regions.

Historic/geographic comparisons indicate that a clear dichotomy occurred historically due to the geographic differences between China's coastal and inland cities [Linge & Forbes, 1990; Yeung & Hu, 1992; Wang, 1984]. As in many other countries, development began on the coast. China's coastal cities—Shanghai, Guangzhou, and Dalian—have been the international commercial and trading centers for many centuries [Yeung & Hu, 1992]. Thus, the historic/ geographic comparisons identify a definite coastal-inland contrast.

Economic/technological/educational comparisons indicate that the three coastal cities were industrialized before the Communist revolution of 1949, while the inland cities were not. Furthermore, the coastal cities have benefited from the 1980s economic reform—all were among the designated "fourteen open cities." Of the three inland cities, Beijing did receive economic assistance during this period. Also, industrial output and output per capita do not totally follow the coastal/inland dichotomy [State Statistical Bureau, 1985a, 1985b, 1992]. Shanghai and Guangzhou are both high on these measures, while Chengdu and Lanzhou are low. However, Dalian and Beijing fall in between these extremes. Thus, on these important comparisons, we see Beijing being somewhat more like Shanghai and Guangzhou (i.e., not clustering with the other two inland cities), and conversely, Dalian being somewhat more like Chengdu and Lanzhou.

Regarding education, less than five percent of the general population have secondary level education. However, looking country-wide at our sample of business managers, we see that 72% have completed 10 to 12 years of schooling, and 16% have 4-year college degrees or better. Thus, education plays a far more important role for our sample of managers than it would for the general population. Regional breakdowns on education are presented in Table 1.

Shanghai and Beijing have both the longest heritage of higher education and the highest current emphasis on education. Guangzhou and Chengdu's higher education systems developed somewhat later, with Dalian and Lanzhou being the last to develop their systems [State Statistical Bureau, 1985a, 1985b, 1992]. The inland city of Lanzhou has a surprisingly high percentage of university students, primarily due to its being established by Mao during the 1960s as an atomic energy center. Thus, with education, as with the economic/technological indicators, we see Dalian being more like the inland city of Chengdu, while Beijing and Lanzhou are more like the coastal cities of Shanghai and Guangzhou.

Major Sources of Regional Differences in China. Based on these comparisons, we identified three major sources of differences: [1] the historic impact of the geographic location, [2] the level of industrialization, and [3] the emphasis on educational development. The most definitive contrast identified is the difference between the coastal and the inland cities. However, the degree of industrialization (i.e., level of technology) and the emphasis on education were other pertinent factors that tended to modify the coastal/inland effect. Table 1 presents a summary overview of the regional characteristics due to location, industrialization, and education. A more detailed discussion of the impact of these regional characteristics can be found by reading James [1989] or Linge and Forbes [1990].

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Insert Table 1 about here
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Based on these regional differences, and the focus of our study on the compatibility of regional values with Western values, we developed the following three preliminary hypotheses. First, managers in coastal areas are more likely to be more Western-oriented than the managers in inland cities since they have been exposed to much more foreign influence—historically as well as currently. Second, managers in the cities with higher levels of industrialization (technology) are more likely to have Western-oriented values because they are more skilled in technologies that have been transferred from the West, and because they typically have been trained in those technologies by Westerners. Third, managers who are better educated are so typically because they are involved with the new Western technologies. Also, education has tended to make these individuals more inquisitive, and thus, more likely to be open to a new values orientation.

In summary, our exploration of the geographic, historic, economic, technological, and educational factors suggests that a model of cross-regional differences for China indicates that regions can be clustered along a continuum running from open-to-foreign-influence to closed-from-foreign-influence, where
foreign influence in the case of China means Western influence. On this continuum, our preliminary hypotheses place Guangzhou and Shanghai at the open end, Chengdu and Lanzhou at the closed end, and Beijing and Dalian between these other two groups.

In terms of a general model of cross-regional comparisons, it should be noted that, since much of China has been closed to foreigners for the past fifty years, as well as at other times throughout its history, the impact of foreign influence may be more important for China than it would be for other countries. However, for China, this continuum provides us with the vehicle needed to move to the next step—developing an approach for comparing the regions.

Comparing the Regions

After an extensive review of theoretical models and cross-cultural research, we chose to integrate primarily the ideas of Gouldner, Triandis, Hofstede, and Bond to develop a regional comparison of China that could provide information on the degree of compatibility of work value in each region with Western values.

Cosmopolitan-Local. Gouldner [1958a, 1958b], who developed the "cosmopolitan-local" construct, described differences between employees in terms of those who are committed to their overall profession versus those who are committed to their specific employer. We modify the definition of "cosmopolitans" to mean those who are more globally oriented and "locals" to mean those who more regionally oriented. Thus, consistent with Gouldner's model, our approach hinges upon whether the managers of a region tend to be more outward- or inward-looking. Over the next few paragraphs we will utilize the work of Hofstede, Triandis and Bond, to develop a more specific definition of the cosmopolitan Chinese and the local Chinese manager.

Individualism—Collectivism. This continuum has been identified as a means to differentiate Western cultures from Eastern cultures [Hofstede, 1980; Triandis et al., 1986; Triandis, Bontempo, Villareal, Asai & Lucca, 1988; Yang & Bond, 1990]. Individualism can be defined as an individual's self-orientation that emphasizes self-sufficiency and control with value being given to self-accomplishments; whereas collectivism can be defined as the subordination of personal goals to the goal of the (work) group with an emphasis on sharing and group harmony [Morris, Davis & Allen, 1994]. Ensuing research has supported Hofstede's [1980] original findings that Eastern cultures score high on collectivism, while individualism epitomizes Western cultural values, especially for the U.S. [Hofstede & Bond, 1984; Ralston, Gustafson, Cheung & Terpstra, 1992; Ronen & Shenkar, 1985; Triandis et al., 1972; Tung, 1981]. However, Ralston et al. [1993] also found that the values of Hong Kong Chinese managers, who long have been exposed to Western influence, were more Western (individualistic) than their PRC Chinese counterparts, suggesting that the long exposure to Western values had influenced the values of the Hong Kong Chinese managers.

It should be noted that the individualism—collectivism continuum is most applicable at the country-level of analysis [Hofstede, 1980], and that subsequent work has identified idiocentrism—allocentrism as the individual-level equivalent to the individualism—collectivism continuum [Bontempo, Lobel & Triandis, 1990; Triandis, Bontempo, Villareal, Asai & Lucca, 1988]. However, since this study focuses upon cultural differences at the regional-level, we will use the individualism—collectivism terminology in this study to discuss the values of the managers from the various regions.

Confucianism. Subsequently, the Chinese Culture Connection [1987] identified Confucian work dynamism as a construct that epitomizes Eastern values. Confucian dynamism—a construct missing from Hofstede's [1980] initial four Western-based dimensions—was later labeled by Hofstede as long-versus short-term orientation. Michael Bond and his colleagues in the Chinese Culture Connection note that the "Five Dragons" of Asia scored at the top of the scale on this dimension. While Confucian dynamism (or long-term orientation) addresses only a part of the Confucian philosophy, it provides an indication of the importance of Confucianism to all Asian societies, but specifically to China [Bond, 1988]. The stability of the Confucian influence is further supported in a two and one-half year longitudinal study (1987-1989) of managers in Shanghai—an open-to-foreign- influence region. This study found no significant change in Confucian values during a period that spanned the Tiananmen event [Ralston, Gustafson, Terpstra & Holt, 1995].

The Cosmopolitan Chinese versus the Local Chinese Manager

Based on the discussion of Individualism and Confucianism, we now can define cosmopolitan and local Chinese managers. Cosmopolitan Chinese managers are those who are more individualistic, due to their exposure to Western ways and values, while simultaneously not forsaking their Confucian ideals. Ralston et al. [1993] describe this phenomenon as "crossvergence," where crossvergence does not mean that the Chinese adopt Western values, but that they internalize some aspects of Western individualism into their Confucian-based value system. Thus, they develop a unique perspective or set of values that possesses facets of both cultures. Conversely, local Chinese are those who largely remain steadfast to the pure Confucian-style collectivism. Thus, our study will focus on the degree of Individualism, the epitome of Western values, and the degree of Confucianism, the epitome of Eastern values, that are found in the regions.

Also, while empirical research does not exist that could fully validate this approach, the writings about China do support it as a reasonable means for comparing the six regions [Chen & Pan, 1993; Hyslop, 1990; James, 1989; Laaksonen, 1988; Linge & Forbes, 1990; Shen, 1990; Yeung, Deng & Chen, 1992; Wei, 1985]. Thus, we will use the cosmopolitan Chinese—local Chinese continuum as our basis for developing specific hypotheses concerning the degree of Western orientation within the regions of China. However, first we will describe the specific measures that we are going to use to test the hypotheses.

THE MEASURES

An important part of the design of this study was to identify measures that would allow us to contrast the work values of managers in each region. In particular, we wanted to utilize measures that would provide contrasts on Individualism and Confucianism since these dimensions have emerged as the ones that appear most relevant for providing an East-West baseline of comparison; and thus, identifying the regions where Western businesses might find Chinese counterparts with more comparable or less comparable values and work behaviors.

The Schwartz Value Survey [SVS] was selected as our measure because it provides a globally developed set of subdimensions and higher-order dimensional continua that are comparable to measures used in previous East-West cross- cultural research [Schwartz, 1992]. The SVS consists of 10 universal subdimensions, as described in Table 2. While all 10 of these subdimensions of work motivation are found in every culture, the level of importance of each varies from one culture to the next [Schwartz, 1992; Schwartz & Bilsky, 1987, 1990]. Schwartz then used these subdimensions to form three dimensional continua—Individualism, Openness-to-Change, and Self-Enhancement.

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Individualism

Schwartz's initial work identified Individualism as comprised of the subdimensions: power, achievement, hedonism, stimulation and self-direction, while collectivism is comprised of: benevolence, tradition and conformity. The individualism—collectivism continuum indicates the extent to which a person focuses on self-reliance as opposed to group support. However, consistent with the view of Triandis, Bontempo et al. [1986] that Individualism is a multi-faceted dimension, Schwartz [1992] also identifies two other higher-order continua: Openness-to-Change—Conservation and Self-Enhancement—Self-Transcendence that can be used to more precisely describe the Individualism—Collectivism continuum. In effect, Individualism is now split into two component parts, Openness-to-Change and Self-Enhancement, while Collectivism is reasonably similarly split into Conservation and Self-Transcendence.

The Openness-to-Change—Conservation continuum contrasts the degree to which managers are motivated to follow their own intellectual and emotional interests in non-prescribed ways versus the degree to which they desire to preserve the status quo and certainty that it provides in relationships with others. Openness-to-Change consists of the stimulation and self-direction, while conservation consists of security, conformity and tradition subdimensions.

The Self-Enhancement—Self-Transcendence continuum indicates the degree to which these managers are motivated to promote self-interest and personal gain, even when those interests have costs for others, versus the degree to which they are concerned for the well-being of nature as well as others, whether close friends or distant acquaintances. Self-Enhancement consists of the power, achievement and hedonism subdimensions, while self-transcendence consists of universalism and benevolence.

Confucianism

In addition to the 10 universal subdimensions, Schwartz [1992] identified three subdimensions that appear to be unique to the Chinese culture. These subdimensions are societal harmony, virtuous interpersonal behavior, and personal and interpersonal harmony. These three subdimensions are the keystone of Confucianism [Kindel, 1983; Waley, 1938], and therefore, we combined them to form a Confucian construct. Thus, while the Individualism—Collectivism measures have been well tested, we will need to assess the validity of combining the three unique-to-China subdimensions into a single measure of Confucianism.

HYPOTHESES

Our hypotheses are based on the "cosmopolitan—local Chinese" continuum that was previously described. Since this study is cross-regional and not longitudinal, we have developed our hypotheses to reflect the present time differences across the regions on the measures of Individualism and Confucianism. Thus, we hypothesize that the more cosmopolitan the Chinese managers are, the higher that they will score on the individualism measures (Individualism, Openness-to-Change, Self-Enhancement). However, based on previous findings, we do not expect degree of cosmopolitan-orientation to have a significant influence on Chinese managers level of commitment to Confucian values.

Incorporating into our cosmopolitan-local focus our findings on the geographic, historic, economic, technological, and educational factors that indicate regions cluster—as summarized in our preliminary hypotheses—we have developed two hypotheses to assess differences across the three regional clusters that were identified. Also these hypotheses should test the accuracy of the cosmopolitan and local definitions. Both hypotheses are presented in terms of the alternate. However, per our discussion, we expect Hypothesis 1 to be supported and Hypothesis 2 not to be supported.

H1:   *The mean scores on Individualism, Openness-to-Change, and Self- Enhancement for the managers in Shanghai and Guangzhou will be significantly higher than the mean scores for the managers in Beijing and Dalian, and the mean scores for the Beijing and Dalian managers will be significantly higher than the mean scores for the managers in Chengdu and Lanzhou.*

H2:   *The mean score on Confucianism for the managers in Shanghai and Guangzhou will be significantly higher than the mean score for the managers in Beijing and Dalian, and the mean score for the Beijing and Dalian managers will be significantly higher than the mean score for the managers in Chengdu and Lanzhou.*

METHOD

Subjects

The sample consisted of 704 managers from state-run enterprises in the six regions of China. Our reason for selecting these enterprises was that while there are increasing numbers of independent businesses—especially small businesses—the great majority of business in China is still controlled by the state or is run by managers who were developed within state-run enterprises. The sample breakdown by region is: NORTH CENTRAL-Beijing, n=138; EAST-Shanghai, n=103; CENTRAL-SOUTH-Guangzhou, n=134; SOUTHWEST- Chengdu, n=116; NORTHWEST- Lanzhou, n=101; NORTHEAST-Dalian, n=112. All subjects participated in the survey in their respective cities during 1993. The demographic data on the groups is reasonably comparable, as shown in Table 3.

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Procedure and Design

Subjects were given a Chinese language version of the SVS instrument administered by a Chinese researcher. They were told there were no right or wrong answers, and that it was only their opinion that mattered. They also were told that their anonymity would be maintained. After the data had been collected, the subjects were debriefed as to the purpose of the research—a cross-regional evaluation of managerial work values.

Measure

The Schwartz Value Survey [SVS] was used as the instrument for analysis in this study [Schwartz, 1992]. The SVS consists of 56 items that are measured with a 9-point Likert scale ranging from "opposed to my values" [-1] to "of supreme importance" [7]. Each of the three higher-order dimensional continua has been constructed to range from a value of +1 (Individualism) to a value of -1 (Collectivism). The score for each continuum is derived by subtracting the collectivism measure score from the individualism measure score and is expressed in terms of the individualism measure (i.e., Individualism, Openness-to-Change, Self-Enhancement). Thus, a negative score for Individualism would indicate that the response was on the Collectivism half of the continuum.

Analysis

Test of the Confucian construct. Cronbach's alpha was used to assess the internal consistency of the Confucian construct. If the alphas were deemed reasonable, the Confucian construct would be included in the test of the hypotheses.

Test of the hypotheses. The first step of the analysis was to calculate a one-way MANOVA. The four higher-order dimensions—Individualism, Openness-to- Change, Self-Enhancement, and Confucianism, were the dependent variables with the region clusters identified in the hypothesis section as the independent measures. If the MANOVA was significant, ANOVAs would be calculated for the four dependent measures. For the significant ANOVAs, the differences within the model would be tested using Duncan multiple comparison tests [Kirk, 1982]. ANOVAs would also be calculated for the relevant subdimensions, to help explain the nuances of the significant effects more completely.

RESULTS

The Confucian Construct

The internal consistency (Cronbach's alpha) for the three subdimensions that make up the Confucian construct were .68, .74, and .69 respectively for Societal Harmony, Virtuous Interpersonal Behavior, and Personal and Interpersonal Harmony. The internal consistency for the Confucian construct (i.e., the three subdimensions combined) was .81. The greater internal consistency for the Confucian construct suggests that the single Confucianism scale may be a better measure than the three individual scales, and that clearly it is a reasonable construct to use for the cross-regional comparisons.

Hypotheses for Individualism and Confucianism

The MANOVA indicated a significant Wilks' lambda effect (λ=.575, df=2,3,701, p<.001). Since this effect was significant, univariate ANOVAs were calculated. The ANOVAs for Individualism (F=35.12, df=2,701, p<.001), Openness-to-Change (F=31.39, df=2,701, p<.001), and Self- Enhancement (F=11.73, df=2,701, p<.001) were significant. The means and standard deviations are presented in Table 4. The ANOVA for Confucianism was not significant (F=1.14, df=2,701, p=.319). Thus, no further analyses were run for Confucianism.

Duncan multiple comparison tests were run to identify the between group differences for Individualism, Openness-to-Change, and Self-Enhancement. These results are reported in Table 4. Finally, ANOVAs for the subdimensions were calculated to further assist in the interpretation of the significant findings. The means, standard deviations and F-tests for the subdimensions are reported in Table 5.

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DISCUSSION

Is the Cosmopolitan Chinese Manager a Paradox?

The support for hypothesis 1 clearly shows that individualistic attitudes are more prevalent in cosmopolitan Chinese—those located in regions exposed to foreign influence—than in local Chinese. However, on the other hand, the lack of support for hypothesis 2 suggests a universal adherence to traditional Confucian values across all regions. Thus, the cosmopolitan Chinese embrace a higher level of individualism, while maintaining the same strong commitment to Confucianism, as is found throughout the country.

However, the apparent paradox, as illustrated by the findings of our two hypotheses, is consistent with Yang's [1988b] discussion of modernization. In his review of the modernization literature, he shows that societies in the process of modernization exhibit a combination of modern characteristics—typically epitomized by individualism—and traditional characteristics. In particular, Yang found that the traditional Chinese value of filial piety—a Confucian value—can coexist with modern individualistic attitudes. Comparable findings have been observed by others [Allinson, 1989; Bond & King, 1985]. Consequently, it appears reasonable to accept that

cosmopolitan Chinese managers can demonstrate a greater sense of individualism yet retain a strong belief in Confucian values, with regard to other issues, as Chinese society goes through this phase of its modernization.

Thus, while individualistic Western thinking may influence Chinese adherence to Confucian values, change to these values, as history has shown, will occur slowly. As has been noted, a society's core values typically take generations to evolve [Yang, 1988b]. Consistent with this view, and with the differences that we presently see between the cosmopolitan and local Chinese, we predict that a crossvergent effect is the likely evolution of Chinese work values over the coming decades of modernization. Thus, the Individualism/Confucianism paradox of the cosmopolitan manager appears to encapsulate the current struggle in China to modernize while not forsaking traditional values [Bond, 1991; Hofstede & Bond, 1988; Redding, 1990; Yang, 1988b]. And, since the cosmopolitan managers appear to profile the direction in which China is headed, it is important to be able to differentiate the behaviors of these individuals from those who are perhaps less representative of China's future direction.

The paradox of modernization probably means that Western managers working in China will have to accept that their Chinese counterparts will view some decisions as self-determined, while others will be viewed fatalistically [Yang, 1988a]. Consider, for example, the Chinese company that installs a sophisticated fiber-optic computer MIS network in its new business center only after the Feng Shui man has given the building his blessing. Likewise, cultural preferences for certain behaviors—such as, intense loyalty to the family/in-group—will take precedence over the Western view of logical managerial behavior. Often times, hiring decisions are based on nepotism rather than competence because family can be trusted and should be helped [Hall & Xu, 1990; Lockett, 1990]. However, instead of viewing the behavior of the cosmopolitan Chinese managers as a confusing paradox, it may be seen as a typical modernization process where the Chinese managers are in the stage of developing a crossvergent value set [Ralston et al., 1993]. As previously noted, crossvergence is a "melting pot" phenomenon that means developing a unique set of values that possesses aspects of both cultures. Therefore, the issue for Western business people who are trying to understand their Chinese counterparts is: How have the cosmopolitan Chinese managers' values crossverged—in essence, what was taken from each culture?

Individualism vs. Collectivism

A closer look at the significant findings of this study, in conjunction with previous research, may help to develop a clearer picture of the cosmopolitan Chinese manager, as well as to identify the regional differences within the diverse Chinese culture. As shown in Table 4, all three groups were significantly different from one another on the Individualism—Collectivism continuum, with Guangzhou/Shanghai showing the greatest tendency for individualism and Chengdu/Lanzhou showing the least. Additionally, the two dimensional continua that make up the Individualism—Collectivism continuum focus on the rate of speed at which change is deemed acceptable, as well as on the extent to which others must be taken into consideration—the focus of Hofstede's [1980] research.

Openness-to-Change. The Openness-to-Change—Conservation continuum might be viewed in terms of one's degree of dogmatism or willingness to accept new ideas and ways of doing things. We found that the two Openness-to-Change subdimensions—stimulation and self-direction—are significant and in the direction consistent with Hypothesis 1. Conversely, of the three Conservation subdimensions, only conformity is significant. There are no significant differences for tradition or security across the six regions of China.

Also, the Openness-to-Change continuum follows the exact same pattern as the Individualism continuum (Table 4). The three groups are significantly different from one another, with the Guangzhou/Shanghai grouping having the highest score on Openness-to-Change. In two recent studies, cosmopolitan Chinese managers (Shanghai) were compared to American managers [Ralston et al., 1993] and, longitudinally to their counterparts prior to the Tiananmen incident [Ralston et al., 1995]. The findings from these studies clearly show that while these cosmopolitan Chinese managers are not as open to change as American managers, they have moved significantly in the direction of openness over the past several years. Shanghai is rapidly becoming the "New York of China," and appears to be emerging as the financial and trade center of China [Strasser, 1994]. Likewise, Guangzhou, a short train ride north of Hong Kong, is strongly influenced by the territory's money and ideas. Thus, it seems reasonable to believe that Guangzhou and Shanghai, the hubs of business in China, would be the ones most desiring change in a system that, in the past, has severely constrained business.

An implication of the cosmopolitan Chinese managers' greater willingness to embrace change is that they are more likely to make business decisions based on performance and profit opportunities, even at the risk of not conforming with the previously accepted ways of doing business [Redding, 1990]. Also, as noted by Bond [1991] and Redding [1990], there is an increased inclination to accept capitalistic practices, while attaching less importance to social dogma. However, as Hood [1993] indicates, a pent up desire for change may exist, causing impatience with the slow rate of change now taking place. Thus, Western managers may find that Chinese, especially the cosmopolitan managers, are often overanxious for some kinds of change to occur, while still wanting to maintain their traditional Confucian values.

Also, the self-direction subdimension indicates increased self-direction among cosmopolitan Chinese. The finding of increased self-direction and decreased integration (i.e., power distance) uncovered by the Ralston et al. [1993] study of Shanghai managers, suggest that for cosmopolitan managers the deference to higher authority may be eroding. However, this does not imply that the cosmopolitan Chinese managers are moving toward a Western model of individualism, only that they now may be less likely to accept mandated leadership or government authority without question, as they once did [Lindsay & Dempsey, 1985].

This finding also relates to the fairly well accepted perspective of the Chinese as a people who are very cautious and even suspicious of others, and thus frequently unwilling to engage in business with foreigners without protracted getting-to-know-you

negotiations [Yang, 1988a]. Increased self-direction and increased tolerance of ambiguity found among the Shanghai managers is interesting because this may indicate an increasing willingness of cosmopolitan Chinese to accept an uncertain environment and to take responsibility for their actions. This also implies a higher risk-taking orientation, which has been greatly repressed over the past 50 years of Communist rule. An outcome that has already been observed by one China consultant is an increasing willingness to bring business negotiations to fruitful conclusions within an acceptable Western time frame—a radical change in negotiation practices from just a few years ago [Last, 1993].

Self-Enhancement. The Self-Enhancement—Self-Transcendence continuum, which focuses on one's orientation toward self versus others, yielded slightly different results from the Openness-to-Change—Conservation continuum. For Self-Enhancement, Beijing and Dalian clustered with Guangzhou and Shanghai as the group significantly higher than Chengdu and Lanzhou (Table 4). In sum, while it appears that we have three discrete group in terms of their desire for change, we have but two groups in terms of their interest in self.

Specifically, the three Self-Enhancement subdimensions—power, achievement, and hedonism—are significant and in a direction consistent with hypothesis 1. The Self-Transcendence subdimensions—universalism and benevolence—are likewise significant. However, the Guangzhou/Shanghai group scored higher on universalism than did the other two groups. While this subdimension was not consistent with Hypothesis 1, universalism shows one's global concern (not just a concern for the in-group) and, therefore, this finding seems reasonable.

Also, the cosmopolitan Chinese attach greater importance to social power than the local Chinese. This finding is supported by the Ralston et al. [1995] study of Shanghai managers that found the relative importance of social power increased from the pre-Tiananmen period to the post-Tiananmen period. Similarly, the greater value placed on social power, in conjunction with the significance of the achievement and self-direction subdimensions, suggests that cosmopolitan Chinese managers are adopting more self-reliant behavior, including a change toward greater informal networking.

Therefore, those doing business in China might want to consider the impact of the apparent increased use of social influence, as suggested by the importance attached to it. For example, will informal networking, an integral part of Chinese life, become even more prevalent than it has been? Or, will guanxi—the Chinese custom of exchanging favors to attain resources or circumvent formal authority [Fox, 1987]—now expand to include less acceptable business practices for gaining influence? Regardless, it appears that Western managers will need to rely even less on formal contracts and more on the "social glue" of personal relationships with their Chinese partners.

The emphasis on informal networking is consistent with other findings in this study, and also consistent with the results from a study of Hong Kong Chinese managers on influence strategy preferences [Ralston, Cunniff & Gustafson, 1995]. At the same time, adherence to Confucianism, as well as tradition and the need for security, remain constant across all regions.

Therefore, while cosmopolitan Chinese managers seem intent on bringing about change for more autonomy, forces within the Chinese culture encourage increased cultural conservatism. Cosmopolitan Chinese managers appear to be adopting Western methods and embracing a capitalistic system comprised of greater individualism. However, at present they also are holding to traditional social values and adopt change only when new ways are viewed as consistent with Confucian social philosophy. Additionally relevant is that while this study did not find significant differences on Confucianism between the cosmopolitan and local Chinese, the Ralston et al. [1993] study found that Hong Kong Chinese scored lower on Confucian dynamism than did cosmopolitan PRC Chinese. Hong Kong, soon to revert to Chinese control, perhaps provides us with today's ultimate cosmopolitan Chinese and therefore a possible parallel to the future evolution of the cosmopolitan Chinese work values in the PRC.

CONCLUSION

Thus, a question pertinent for Western business is: Will Confucian values loose their importance to Chinese business people over time? Put in terms of the debate over convergence-divergence of values [Dunphy, 1987; Kelley, Whatley & Worthley, 1987; Kerr, 1983; Ricks, et al., 1990], this question might be reworded: Will a continuing increased presence of Western business practices in the future cause Chinese managers to "converge" to the Western business philosophy and forsake Confucian values?

Kerr refers to *convergence on the pragmatic* [1983, p.16] suggesting that there is more than one way right way. In essence, depending upon the conditions of the society, there is more than one way to become an industrialized, capitalistic society, and that different societal values and beliefs may preclude all societies from reaching ultimate convergence. Confucian philosophy is clearly the condition that is at the core of the Chinese value system, and it is a philosophy that is in contrast with the philosophies of Western Judeo-Christian based industrial societies. However, given that Confucianism has flourished for over two thousand years in China, surviving even the Cultural Revolution, its soon demise does not seem likely [Zuo, 1991], and as Yang [1988b] points out, there is reason to believe that Confucian values and modern Western values can coexist.

Nonetheless, observations have indicated that work values in China are changing. Perhaps they are returning to pre-Communist days [Redding, 1990], or perhaps they are moving in a more Western, capitalistic direction [Ralston et al., 1995]—or both. Seeking greater autonomy does not imply a desire to abandon the existing system of authority nor the paternalistic underpinning of political leadership. To do so would be to move toward chaos—Russia appears to be a case in point. The "go slow" philosophy of China, can be sharply contrasted to the questionable "head first" approach being implemented in Russia today [Holt, Ralston & Terpstra, 1994].

Consequently, while cosmopolitan Chinese managers may seek greater self-direction of their commercial interests, they are unlikely to sacrifice Confucian tradition, such as harmony within the family or in-group, as the price for change [Ralston et al., 1995].

In the study by Ralston et al. [1993], the indications are that the Chinese will be slow to abandon their Confucian values. However, clearly, they may develop a crossvergent value set by slowly integrating Western ideas into their Confucian-based value system, so that a unique hybrid set of values emerges from the union. This behavior is consistent with the materialistic philosophy that the slow evolution of societal values are driven by its infrastructure—that, in China, now include Western business behavior [Harris, 1979]. Thus, it appears that the Chinese will adapt to the current business environment with only minor modification to their very deeply entrenched Confucian roots.

In summation, whether one is planning to do business or to engage in research in China, it is important to be aware of potential regional value differences and the dynamic nature of these values during China's current evolutionary period. Given the "closed door" philosophy of the past several decades, the "new" China is truly an important and largely untapped area for study [Lai & Lam, 1986]. Thus, we hope that this paper will help to provide a foundation for future research on China as it rapidly becomes an increasingly important part of the world.

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TABLE 1

Summary of the Historic, Geographic, Economic, and Educational Characteristics of the Six Cities

		NORTHEAST [Dalian]	NORTH CENTRAL [Beijing]	EAST CENTRAL [Shanghai]	CENTRAL-SOUTH [Guangzhou]	SOUTHWEST [Chengdu]	NORTHWEST [Lanzhou]
1.	**LOCATION CHARACTERISTICS**						
A.	Coastal or inland location	COASTAL	INLAND	COASTAL	COASTAL	INLAND	INLAND
B.	Located on navigable water	YES	YES	YES	YES	NO	NO
C.	Opened to foreigners after the Opium War-1840	YES	NO	YES	YES	NO	NO
D.	Foreign commercial and trading center over the past century	YES	NO	YES	YES	NO	NO
2.	**INDUSTRIALIZATION CHARACTERISTICS**						
A.	1980s economic reform (one of the 14 open cities)	YES	NO	YES	YES	NO	NO
B.	Industrialized pre- or post-Communist Revolution	PRE-1949	POST-1949	PRE-1949	PRE-1949	POST-1949	POST-1949
C.	Level of industrial output in the region (1990)	MODERATE	MODERATE	HIGH	HIGH	LOW	LOW
D.	Increase in output per capita (1984-1990)	MODERATE	MOD/LOW	HIGH	HIGH	MODERATE	LOW
3.	**EDUCATION CHARACTERISTICS**						
A.	Educational emphasis (students enrolled in college per 1,000 inhabitants)	1.6	10.9	7.5	6.9	4.0	7.4
B.	Beginning of educational emphasis (length of time that college education was available)	1950s	1890s	1910s	1920-30s	1920-30s	1950s

TABLE 2

The Ten Universal Schwartz Value Survey [SVS] Motivational Subdimensions

Power: The motivational goal of people with power values is the attainment of social status and prestige, and the control or dominance over other people and resources.

Achievement: The primary goal of this type is personal success through demonstrated competence. Competence is based on what is valued by the system or organization in which the individual is located.

Hedonism: The motivational goal of this type is pleasure or sensuous gratification for oneself. This value type is derived from orgasmic needs and the pleasure associated with satisfying them.

Stimulation: The motivational goal of people with stimulation values is excitement, novelty, and challenge in life. This value type is derived from the need for variety and stimulation in order to maintain an optimal level of activation. Thrill seeking can be the result of strong stimulation needs.

Self-Direction: The motivational goal of this value type is independent thought and action (for example, choosing, creating, exploring). Self-direction comes from the need for control and mastery along with the need for autonomy and independence.

Universalism: The motivational goal of universalism is the understanding, appreciation, tolerance, and protection of the welfare of all people and nature.

Benevolence: The motivational goal of people with benevolent values is to preserve and enhance the welfare of people with whom one is in frequent personal contact. This is a concern for the welfare of others that is more narrowly defined than Universalism.

Tradition: The motivational goal of people with tradition values is respect, commitment, and acceptance of the customs and ideas that one's culture or religion imposes on the individual. A traditional mode of behavior becomes a symbol of the group's solidarity and an expression of its unique worth and, hopefully, its survival.

Conformity: The motivational goal of this type is restraint of action, inclinations, and impulses likely to upset or harm others and violate social expectations or norms. It is derived from the requirement that individuals inhibit inclinations that might be socially disruptive.

Security: The motivational goal of this type is safety, harmony, and stability of society or relationships, and of self.

TABLE 3

Demographic Data for the Managers (n=704) from the Six Regions of China

		Beijing (n=138)	Shanghai (n=103)	Guangzhou (n=134)	Dalian (n=112)	Chengdu (n=116)	Lanzhou (n=101)
Age:	Less than 31 years	31%	26%	32%	12%	23%	29%
	31 to 45 years	49%	51%	58%	71%	51%	42%
	Over 45 years	20%	23%	10%	17%	26%	29%
Gender:	Male	69%	73%	66%	87%	79%	86%
Marital Status:	Married	80%	76%	73%	89%	78%	65%
Years of Education:	Less than 10 years	3%	9%	13%	19%	18%	16%
	10 to 12 years	77%	72%	76%	63%	72%	68%
	College degree	17%	14%	8%	11%	9%	13%
	Post graduate work	3%	5%	3%	7%	1%	3%
Years Employed:	3 or fewer	1%	1%	13%	2%	11%	8%
	4 to 10	30%	14%	30%	16%	10%	33%
	10 or more	69%	75%	57%	82%	79%	59%
Present Level:	Supervisory management	54%	54%	66%	16%	47%	69%
	Middle management	24%	33%	26%	45%	12%	25%
	Top management	21%	13%	8%	39%	41%	6%
Size of Company:	Under 100 employees	22%	18%	24%	12%	17%	19%
	100 to 500 employees	33%	39%	32%	39%	28%	25%
	Over 500 employees	45%	43%	44%	49%	55%	56%

TABLE 4

**Means, Standard Deviations and Duncan Multiple Comparison Results for
the Three Groups on Individualism, Openness-to-Change and Self-Enhancement**

Dimension	Mean	sd	Region Groupings			
INDIVIDUALISM	-.137	.82	Group 3			
	.268	.79	Group 2	*		
	.487	.71	Group 1	*	*	
				Group 3	Group 2	Group 1
OPENNESS TO CHANGE	-.279	.01	Group 3			
	.186	.91	Group 2	*		
	.391	.87	Group 1	*	*	
				Group 3	Group 2	Group 1
SELF-ENHANCEMENT	-.494	.94	Group 3			
	-.187	.86	Group 1	*		
	-.234	.92	Group 2	*		
				Group 3	Group 1	Group 2

* indicates that the comparisons are significant at the $p < .05$ level, controlling for experiment-wise error rate.

where, Group 1 = Guangzhou and Shanghai
Group 2 = Beijing and Dalian
Group 3 = Chengdu and Lanzhou

TABLE 5

Means, Standard Deviations, and F-test Results for the Three Groups of Regions on the Ten Universal Sub-Dimensions of the Schwartz Value Survey

Dimension	Group	Mean	SD	F
POWER	Guangzhou/Shanghai	3.58	1.18	
	Beijing/Dalian	3.36	1.05	3.72^{*}
	Chengdu/Lanzhou	3.29	1.17	
ACHIEVEMENT	Guangzhou/Shanghai	4.71	.99	
	Beijing/Dalian	4.65	.84	11.06^{***}
	Chengdu/Lanzhou	4.33	.99	
HEDONISM	Guangzhou/Shanghai	3.63	1.41	
	Beijing/Dalian	3.49	1.39	9.36^{***}
	Chengdu/Lanzhou	3.13	1.50	
STIMULATION	Guangzhou/Shanghai	3.84	1.18	
	Beijing/Dalian	3.61	1.13	19.44^{***}
	Chengdu/Lanzhou	3.16	1.25	
SELF-DIRECTION	Guangzhou/Shanghai	4.38	.95	
	Beijing/Dalian	4.31	.86	8.86^{***}
	Chengdu/Lanzhou	4.04	.95	
UNIVERSALISM	Guangzhou/Shanghai	4.18	.89	
	Beijing/Dalian	3.74	.84	17.54^{***}
	Chengdu/Lanzhou	3.74	.89	
BENEVOLENCE	Chengdu/Lanzhou	4.42	.79	
	Beijing/Dalian	4.30	.76	3.13*
	Guangzhou/Shanghai	4.23	.81	
TRADITION	Chengdu/Lanzhou	2.64	1.04	
	Guangzhou/Shanghai	2.56	.87	0.95
	Beijing/Dalian	2.55	.94	
CONFORMITY	Chengdu/Lanzhou	4.13	1.00	
	Beijing/Dalian	4.01	.94	5.16^{**}
	Guangzhou/Shanghai	3.82	1.01	
SECURITY	Chengdu/Lanzhou	4.40	.83	
	Beijing/Dalian	4.31	.89	1.24
	Guangzhou/Shanghai	4.29	.88	

* $p < .05$; ** $p < .01$; *** $p < .001$.

Figure 1

Map of the Six Regions of China Including the Data Collection Cities