Cultures within culture: Unity and diversity of two generations of employees in state-owned enterprises

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ABSTRACT   This study adopts integration and differentiation perspectives to examine why unity and diversity of organizational cultures emerged as a function of economic reform, and how subcultural differences were reflected in employees' perceptions of cultural practices. Data were gathered from in-depth interviews and a large-scale survey in two large, state-owned enterprises in north-east China. Results indicated that, although all employees were oriented towards a common set of cultural themes, the two generations of employees did not exemplify the themes in the same way. Specifically, unity was illustrated by employees' desire to maintain Harmony and to reduce Inequality. Diversity was revealed by first-generation employees' higher ratings on Loyalty, Security and even Bureaucracy. The findings are discussed in the light of traditional Chinese cultural values, political ideology and the social context. Implications are drawn for organizational cultural theory and research.

KEYWORDS   differentiation ▪ integration ▪ organizational culture ▪ subculture

Scholars studying cultural diversity within organizational settings have concentrated primarily on investigating intercultural interactions among employees who are from different countries and speak different first languages (Friday, 1997; Goldman, 1994; Hofstede et al., 1990; McDaniel & Samovar, 1997). Insufficient effort has been devoted to the study of

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micro-cultural diversity in organizations. One explanation to account for this is assumed similarity (Barna, 1997). It is believed that individuals who grow up or work in the same mainstream culture understand the instrumental, moral, competence and terminal values of that culture (Lieberman & Gurtov, 1994). However, individuals who were born and raised in different historical periods bring different attitudes, experiences, expectations, values and competencies to organizations. Thus, the same organization may embrace multiple cultures, different and even incompatible beliefs, values and assumptions held by different groups of employees (Louis, 1980; Martin, 1992; Witmer, 1997). This article intends to address the issue of cultural homogeneity and heterogeneity in state-owned enterprises (SOEs) in China.

Economic reform during the past two decades has led to the increased use of performance-based reward, a focus on productivity and a de-emphasis on job security, thus challenging what had been traditional practices in SOEs since the 1950s. Changes in the working environment contributed to differences between first-generation employees, hired before the reforms, and second-generation employees, hired after the reforms. These differences, rooted in different beliefs, values and assumptions, influenced the two generations of employees' responses to reform policies. Management hopes, on the one hand, to preserve the long-standing tradition of the factory, and on the other hand, that the fresh workforce will speed up change in old beliefs and values that may hinder the establishment of a modern enterprise system, and the reform of SOEs as a whole.

Existing literature related to the impact of economic reform on SOEs has primarily focused on the macro-level political, economic, legislative and administrative aspects of the post-reform SOEs (M. Chen, 1995; Child, 1994; G.G. Liu, 1987; Warner, 1995; Zhou, 1994). The more micro-level implication of working in SOEs under the reformed environment has been less well explored (Westwood & Leung, 1996). Each organization has its own way of doing and its own way of talking about what it is doing, which constitutes its organizational culture (Pacanowsky & O'Donnell-Trujillo, 1983). The implementation of reform policies in SOEs brought changes to their way of doing and talking. Hence, reform in SOEs not only means reforming the organizational structure, but also the organizational culture that is created, shaped and sustained through the organizational behaviours of SOE employees. Why do organizational cultures change as a function of economic reform? What contributions do those changes make to the emergence of subcultural differences between different generations of employees? How could these differences be reflected in employees' perception and interpretation of existing cultural practices? This study intends to provide answers to these questions by examining unity and diversity between two

generations of employees through the lens of integration and differentiation perspectives.

Social and cultural context

The organizational culture of SOEs is influenced by traditional Chinese cultural values and political ideologies. This influence is evidenced in the organizational structure, management system and the relationship between the individual and the organization.

Organizational structure and management system of SOEs

Before the reform in state sectors in the early 1980s, the state was the owner, operator, employer, planner, director and fund-supplier of all its enterprises (Child, 1994). SOEs were required to remit all profits to the government, and the state covered all losses. A centralized management system was required to facilitate the transfer of policies from the state to thousands of SOEs and to facilitate the control of supply and production, as well as distribution of products (G.G. Liu, 1987). In accordance with the highly centralized management model was the establishment of a huge administrative organ to carry out production planning, product distribution, political education and employee welfare in SOEs (Warner, 1995). In large SOEs the general factory is virtually an administrative organ. Each sub-factory of the general one has an independent administrative body that includes nearly all the same functional departments as are found at the general factory level. From sub-factory to workshop level, again almost all functional departments are repeated. Middle managers (sub-factory directors, workshop heads) and production team leaders have authority to direct and command their subordinates within their divisions. Owing to the huge administrative organ and hierarchy, a problem must go through several layers of hierarchy before it can be resolved. The proliferation of staff sections leads to increased bureaucracy and efficiency problems (Lockett, 1988).

The individual and the organization

The relationship between the individual and the working unit is affected by political ideology and traditional cultural values going back to Confucianism. SOE employees are supposed to view their factory as a symbolic family. The Chinese word for family is *jia*. A group is big family (*da jia*). The country is referred to as national family (*guo jia*). Confucianism maintains that a human being is not primarily an individual, but rather a member of a family

(Krone et al., 1992). Being a member of a family, one is expected to contribute one's share to the betterment of the family. Chinese political ideology also espouses a concern for the welfare of the whole society rather than for personal loss or gain. Success for Chinese tends to be a group enterprise rather than a striking out on an individual path of self-discovery (Lockett, 1988). Hence, reward should be given on a group basis rather than on an individual one. Similarly, this group orientation also makes Chinese believe that individual misconduct is a source of group shame because the group is presumed to have allowed it to happen (Krone et al., 1992).

The family metaphor transferred to organizations has three implications. First, a Confucian family implies hierarchy. Being a member of the family, one has one's assigned place in the hierarchical structure. Confucianism believes that human relationships should be regulated by five cardinal relationships based on differentiated order among individuals. Specifically, they are sincerity between father and son, righteousness between rulers and subjects, separate functions between husband and wife, order between older and younger brothers, and faithfulness among friends (G.M. Chen & Chung, 1994). Application of the five cardinal relationships to organizational life requires that workers and leaders behave in accordance with the distinctive roles they hold respectively. Leadership has authority in the same way that the father of the family has power. Provided that both subordinates and superiors stick to their respective roles and abide by the explicit and implicit rules of proper behaviour, order and stability are assured in this hierarchical structure (G.M. Chen & Chung, 1994).

The second implication of the family metaphor is mutual obligations. Confucianism views interpersonal relationships as reciprocally obligatory (Yum, 1988). Reciprocity transferred into organizations becomes mutual obligations between supervisors and subordinates. The subordinate accepts the authority of the superior, whereas the superior reciprocates this obedience by showing appropriate concern for the subordinate, the same way that a father shows concern and protection for his children. Thus, Chinese management style combines authority with benevolence (Westwood, 1992). The concern shown to employees' personal benefits from the factory encourages the spirit of selfless contribution from employees to the factory and also fosters loyalty of the workforce. Loyalty to the factory is like filial piety to the family. The fact that many individual benefits and necessities are provided through the factory, such as housing, medical care, education and assistance with emergencies, has cultivated the sense of loyalty in employees.

The third implication of the family metaphor is harmony. Harmony is an essential component of Confucianism. Chinese believe that only harmony among group members can produce fortune (G.M. Chen & Chung, 1994).

Owing to the traditional lifetime employment, workers tend to perceive their relationship with leaders and co-workers as long-term. Therefore, it is to the advantage of the worker to foster a good relationship with his or her superior as well as with co-workers. Whenever conflicts occur, harmony is the guiding principle to resolve problems because the Chinese saying is that harmony makes the family prosper (S. Liu & Chen, 2000). Social harmony depends not only on the maintenance of correct relationships among individuals, but also on protection of an individual's face or integrity. Therefore, social inter-actions should be conducted in such a way that nobody loses face. Face can also be given, when due respect is paid to someone else (Hofstede & Bond, 1988). For example, if criticism has to be lodged, it should be given in an indirect way so as to protect face and maintain harmony in interpersonal relationships.

The impact of reform on SOEs

Economic reform has brought about changes in SOEs, primarily in manage-ment focus, employment systems and reward mechanisms. After reform, responsibility for the operation and performance of SOEs was shifted down from higher administrative bureaux to the enterprises themselves, and the power for decision-making was shifted towards the managing director (M. Chen, 1995). Before reform, economic risk of SOEs was borne by the whole society. After reform, the government steered SOEs into the market, holding them responsible for their own profits and losses. Hence, efficiency and profitability have become the focus of concern for management. Moreover, the implementation of labour contracts in the late 1980s began to threaten the security of employment, known as 'iron rice bowl', which SOE employ-ees had held for decades. The traditional assumption that once one became an SOE employee, one would be employed forever was disappearing. Furthermore, before reform, bonus distribution tended to be at the group level. There was no differentiation between bonuses for different workers working in the same team or workshop. Egalitarianism was the norm because the belief was that it did not matter if everyone got less, but it did matter if some got more while others got less. Since reform, the practice of egalitarian bonus distribution is supposed to have given way to performance-based remuneration aimed at stimulating the individual worker's incentive.

In a word, the focus on efficiency and productivity, the de-emphasis on job security and the increased use of individual rewards and incentives, have challenged organizational traditions that had been in place since 1949 and values going back thousands of years. Changes in the organizational environ-ment have been viewed differently by employees hired before the reforms and

those hired after, leading to the emergence of subcultural differences. These differences were reflected in perceptions and interpretations of the cultural practices in post-reform SOEs.

Perspectives of organizational culture

Increasingly, people are warned that organizations are not the rational monoliths they appear to be, but complex mixtures of game playing, rule following, self-promotion, competition and hidden agendas (Riley, 1983). As early as the 1980s, some scholars in organizational theory were arguing that the time had come to bring mind back into organizational theory, and the concept of culture is expected to do so (Pondy & Boje, 1980). The expectation is that the concept of culture will overcome the shortcomings of a mechanical view of organizations by adding a qualitative perspective. Since then, the concept of organizational culture has been used widely in both academic work (Bantz, 1993; Hofstede et al., 1990; Martin, 1992; Pepper, 1995; Sackmann, 1991) and popular literature (Deal & Kennedy, 1982; Peters & Waterman, 1982).

However, in spite of the popularity and accessibility of this concept, research in organizational culture tends to be paradigmatically disparate and contradictory (Martin, 1992; Witmer, 1997). What is needed is a theoretical framework that can capture the major similarities and differences among the various approaches to the study of organizational culture, and does not threaten the integrity of these different approaches by creating pressures toward assimilation (Frost et al., 1991). The three-perspective approach, developed by Martin (1992) provides a theoretical framework in this regard. Martin characterizes three dominant scholarly perspectives in organizational culture research, each of which acknowledges some aspects of what culture is and how it is conceptualized in organizational research. The three perspectives are: (i) integration, which is oriented towards consensual understanding of organizations; (ii) differentiation, which recognizes inconsistencies in organizations, and looks at subcultural forces; and (iii) fragmentation, which focuses on ambiguities, complexities and multiplicitous understanding in organizations. This study will adopt the first two perspectives, namely, integration and differentiation, as they are in accordance with our research question of organization-wide consensus and inconsistencies at the subcultural level. The fragmentation perspective, which focuses on cultural manifestations that are neither clearly consistent nor clearly inconsistent at an individual level, is not the focus of concern for this study.

Integration perspective describes a cultural unity that has no place for doubt, uncertainty or collective dissent (Martin, 1992). Studies congruent

with the integration perspective have three characteristics. First, sets of content themes are described as being shared by all members of a culture in an organization-wide consensus. Second, these content themes are said to be enacted consistently, in a wide variety of cultural manifestations. Third, cultural members are described as knowing what they are to do and why it is worthwhile doing it. Consistency can be exemplified by action, symbols and content. Symbolic consistency occurs when the symbolic meanings of cultural forms, such as physical arrangements, are described as congruent with content themes. Content consistency occurs when content themes are consistent with each other. For instance, the theme of encouraging innovation is consistent with the theme of valuing performance-based remuneration. According to the integration perspective, cultures exist to bring predictability to the uncertain and to clarify the ambiguous.

Integration studies that value what unifies and devalue what differentiates may not provide an accurate picture of organizational reality. An organization consists of various demographic or social groupings with different orientations toward management. Inconsistency may occur when one manifestation is interpreted in two different ways. The issue of inconsistency among employees at different levels is addressed by the differentiation studies that go one step farther, exploring the viewpoints of subcultures (Martin, 1992). Differentiation research has drawn attention to three kinds of inconsistency: action, symbolic and ideological. Action inconsistency occurs when an espoused content theme is seen as inconsistent with actual practice. Symbolic inconsistency occurs if espoused content themes deviate from official organizational policy. For instance, analysis of inconsistencies in the interpretation of cultural forms, such as stories, rituals and jargon, often reveals conflict that is not acknowledged in managerial rhetoric that stresses teamwork, harmony, egalitarianism or cooperation. Ideological inconsistency occurs when content themes conflict with each other.

By focusing its attention on subcultures, the differentiation perspective does not simply move down a level of analysis presenting a mini-integration view of culture within subcultural boundaries. Differentiation studies include inconsistencies and distinguish between two or more subcultures. Martin (1992) argues that it is both possible and desirable to use a multi-perspective approach in order to provide a fuller picture of the organization at all levels, and to capture the multiplicity of consensual and dissensual understandings among organizational actors. This study represents a way in which this can be accomplished by examining unity and diversity between two generations of employees from integration and differentiation perspectives. Two overarching research questions guided this research: (i) Why do subcultures associated with the first and second generations of employees emerge as a

function of the economic reform? (ii) How are these subcultural differences reflected in employees' perceptions of the cultural practices in SOEs?

Method

Research site

The two enterprises under study were from north-east China. For the sake of the enterprises' desire for anonymity, the two factories are hereafter referred to as Factory A and Factory B. Both factories were set up in the late 1950s with similar organizational structure and at the time of this study both had a workforce of over 6000 employees. Each factory was like a community, providing employees with a large life-supporting system, such as nursery, school, canteen, housing, theatre, a complete healthcare facility and transportation for commuting. Like all large state-owned enterprises in China, the two factories had experienced changes in their operational environment, brought about by reforms since the beginning of the 1980s.

Source of data

Interviews were conducted in the first phase of this study as exploratory means to uncover dominant cultural themes. Sampling of interviewees began as a search for those who started working before the reforms (during or before 1980) and those who were hired after the reforms (during or after 1981). The former experienced working in both the pre- and post-reform environment, and hence noticed changes in their life at work. The latter, though more in keeping with the current reform policies, had been experiencing socialization of the traditional practice of the factory since they entered their workplace or even at home. They were also aware of the differences between the old and new practices. Care was taken to select interviewees from different positions so as to obtain varying interpretations of the same concept. Fifteen interviewees from each enterprise were selected providing a total sample of 30. The gender of the sample was equally balanced. Approximately 57 percent were workers and 43 percent leaders (factory or middle-level managers).

A survey was conducted during the second phase of this study to test the generalizability of the cultural themes revealed by the interviews, to examine the differences between actual and ideal practices, and to measure differences between first- and second-generation employees. The sample size for the survey was set at 280 from each factory (560 in all) and 250 usable

questionnaires were returned from each, giving a response rate of 89 percent. The 500 respondents fell into four age groups (51–60+, 41–50, 30–40, 18–29); approximately 59 percent of the respondents were male; 56 percent started working during or after 1981 and 44 percent started working during or before 1980. The positions held were leaders (18.8 percent), administrative staff (13.4 percent) and workers (67.8 percent). With respect to educational level, 29 percent had received training in polytechnic schools (2 years), 49.4 percent had a tertiary education (3 years) and 21.6 percent held university degrees (4 years) or postgraduate degrees.

Procedures

Interviews were conducted individually to protect the confidentiality of the information. An interview guide with questions covering the enterprise management system, interpersonal relationships, communication styles, norms and roles was developed. All interviews were conducted in Chinese. Each interview lasted for approximately one hour. Most of the interviews were tape-recorded. For those that could not be recorded (27 percent) because of interviewees' reluctance, notes were taken and elaborated afterwards. Each tape-recorded interview was transcribed for analysis. Translation into English did not begin until all analyses for that particular transcript had been completed so as to avoid misinterpretation or loss of meaning due to translation.

The survey questionnaire was developed based on the cultural themes suggested by the interview data. In some cases, exact words from interviewees were used to construct items so as to maintain authenticity. All items were in statement format on a 5-point scale (*always/never*). As we were interested in not only what was actually going on in the factories, but also what employees hoped for as ideal practice, each item had two sets of choices attached to it: one indicated the actual practice (A scale) and the other the ideal practice (B scale). The preliminary questionnaire was piloted by 10 subjects from another SOE similar to the two enterprises under study. Modifications were made to eliminate repeated and unclear items before the large-scale survey.

Analyses

Analysis of interviews started with identifying cultural themes. The first coding sheet was based on Bantz's (1993) framework of organizational communication culture method. Within this framework, analysis of organizational culture focused on two components: expectations (organizationally based understandings) and meanings (shared reality of organizational

members). Indicators of expectations are: *norms* (accepted behaviour), *roles* (differential rights and responsibilities), *agendas* (patterned sequences of events), *motives* (publicly stated reasons for why people do what they do) and *style* (how people communicate with one another). Meanings are indicated by *constructs* (collective definition of concepts) and the relationship between constructs (how constructs interact with one another to form a shared organizational reality). We began the analysis by looking for vocabulary, metaphors and stories that would suggest constructs covering roles, norms, motives, agenda, style and relationships among the suggested constructs. For example, 'Compromise was the guiding principle to resolve conflicts' was regarded as a norm indicating the construct of harmony.

After all interview transcripts had been coded using the first coding sheet, all first coding sheets were sorted into groups dependent on the major constructs revealed. The constructs deduced met three main requirements: (i) they occurred repeatedly in multiple interviews, (ii) they were expressed very definitely as unquestioned facts of organizational life, and (iii) they had to occupy a focal place in the accounts. Constructs were then assigned labels by the researcher based on the content of the issues covered. In most cases, one interview contained several constructs. Under such circumstances, as many copies as the number of constructs revealed were made of that particular coding sheet. Each copy had one construct marked and was grouped with other coding sheets highlighting the same construct. Based on the analysis, the most evident constructs were: respect for seniority, communication efficiency, problem identification and problem-solving, equality and fairness, identification and commitment, accountability, bonus distribution, loyalty, security, selfless contribution, pension and medical care. Each of these constructs represented a slice of shared organizational reality and a domain of understandings of that reality.

When constructs were examined in context and in relation to one another, eight critical sets of relationships emerged. They were hierarchy in structure, bureaucracy in management, equality between workers and leaders, family aspect of the working unit, harmony in interpersonal relationships, security of employment, loyalty of the workforce and stability of development. As these eight sets of relationships constituted the cultural framework, they were referred to as cultural themes and were employed as categories to develop the second coding sheet. All first coding sheets belonging to each interview were sorted and grouped by the second coding sheet. Finally, analysis moved to the sub-group level to examine the similarities and differences between interviewees from the two generations. Although it was not possible to rule out researcher bias as the researcher acted as the only coder for the interview data, the detailed coding protocol, to a certain extent,

helped to reduce bias. In addition, most of the themes identified were checked with some of the organization members for recognizability. Furthermore, the survey administered subsequently functioned to test the generalizability of the identified themes in a larger sample.

Analyses of survey data began with principal component factoring to identify the dimensions underlying the 50 items in the 8 categories. After the factor structure had been determined, the mean scores of items contained in each factor were calculated and used as scores of that particular factor (i.e. theme) for subsequent analyses. When examining differences between the two generations of employees, 'date of entry' was used as a criterion to group respondents into two generations, specifically, those who were hired during or before 1980 fell into the first generation, and those who were hired during or after 1981 were categorized as second generation. This criterion was considered to be reasonably reliable because prior to the early 1990s, jobs in SOEs were assigned to high school/college graduates. As there was very little job mobility in the state sector, SOE employees usually worked for one SOE all their lives. In our study, age and tenure in their particular factory was highly correlated ($r = .77$, $p < .001$), hence justifying using 'date of entry' as a criterion for dividing respondents into two generations. MANOVA was performed to test differences in ratings on the identified cultural themes.

Results

Findings from interviews

Integration perspective: Family, Hierarchy and Equality

Organization-wide consensus in this study was demonstrated by the recognition of hierarchy in organizational structure, the effort to treasure family values among employees, and the dissatisfaction with the lack of equality between workers and leaders.

The construct of family was at the centre of the identified cultural themes. Interviewees frequently used the word 'family' to refer to their factory. We learned that co-workers would address each other as 'brothers' or 'sisters'. If a person in a worker's family got married or passed away, co-workers from the same workshop would donate some money and would pay a visit to the person's home. Care and concern were also shown from leaders to workers. However, a traditional Chinese family is hierarchically structured with 'father' on the top, followed by immediate and distant relatives. Actions violating hierarchy could bring serious consequences, as in the case of one worker (AI#3) who had been deputy workshop director for 10 years. He was

removed from his position and transferred to the factory job market because he was believed to have outperformed his immediate supervisor, hence challenging the person on a higher level of hierarchy.

Inequality existed along with the respect for hierarchy. In both enterprises, leaders seemed to have easier access to housing, pay rises and promotion. For example, for the past few years, promotion to a leadership position had depended on who one was rather than on what one did. One employee used a Chinese saying to describe this phenomenon: 'A dragon gives birth to a dragon, a phoenix gives birth to a phoenix, and a rat knows how to dig a hole in the ground upon birth' (AI#4). The implication was that a leader needed to come from a leader's family in order to be promoted a leader. Inequality was also seen in routine practice such as morning check-in regulations. A young worker from Factor B related such an incidence (BI#3):

> Every morning, some staff from the personnel department would stand outside the factory gate to check who was late for work. There were two gates: the first was the main one through which everyone had to go, the second one behind the administrative building led to all the workshops. All staff from the personnel department stood in front of the second gate in the morning, which indicated that only workers' coming and going was checked, not the coming and going of those who worked in the administrative building.

Differentiation perspective: Bureaucracy, Harmony, Loyalty, Security and Stability

Bureaucracy in management seemed to be common practice to maintain hierarchy. A young staff member in an administrative office complained that reports she had written for factory-level leaders needed to be examined by several persons before reaching those factory-level leaders (BI#13). As a result, she had to re-write the reports several times. Another young worker (AI#13) told us that problems at the workshop level but meant to be dealt with at the factory level could not be attended to in time as they had to be brought up level by level before reaching the 'top'. He told us that sometimes there were even separate meetings for workshop directors and deputy workshop directors (there were usually two directors in one workshop). In large SOEs, such as those under study, bureaucracy, on the one hand, lent order to daily practice but, on the other hand, caused problems for efficiency and productivity that was the focus of reform policies. Bureaucracy also created distance between workers and leaders at different levels of the factory. By contrast, the existence of bureaucracy did not seem to bother

older employees as much as no complaints came from older interviewees, or if mentioned, bureaucracy was viewed as a 'taken for granted' practice (AI#3, AI#15).

One frequently occurring issue in interviews was the desire to maintain harmony in interpersonal relationships. Co-workers, in order to develop good interpersonal relationships among themselves, would share good things, such as a bonus or the title of model worker, rather than competing with each other for limited resources. Supervisors, in order to foster good interpersonal relationships with subordinates, would adopt a compromise strategy whenever conflicts occurred. For example, a team leader (AI#8) related that when he was confronted with conflicts arising from bonus distribution, he would always say to the parties involved, 'Next time if you do a good job, I will give you more', avoiding saying whether it was right or wrong that some got more but others got less.

Harmony was also maintained by indirect ways of conveying criticism. A team leader from Factory A (AI#15) demonstrated how to criticize a worker indirectly so as to protect face and maintain harmony between supervisors and subordinates. One day, he caught sight of a worker in his team not working at his machine. Instead of asking the worker to get back to work or demanding an explanation for his not working, this team leader gently asked if the worker felt tired. He added that if the worker felt tired, he (the team leader) could take his role for a while. On hearing his, the worker realized that he was wrong and went back to work immediately. The team leader indirectly communicated to the tardy worker that he was not doing the proper thing. But he saved the worker's face and maintained harmony by conveying his criticism indirectly.

Different views between first- and second-generation employees with respect to harmony emerged primarily on the issue of bonus distribution. Implementation of the performance–reward policy was meant to encourage individual initiative and self-advancement, and hence it challenged the deeply rooted traditional practice of egalitarianism in a collective society. Conflicts often occurred because of differences in bonus distribution at the end of each month. When asked how the new policy served to encourage worker incentive, a team leader hired before the reform remarked (AI#7):

> Each according to his work? It's easier said than done. Now there is some difference in bonus but we dare not make it larger, for fear the workers should have complaints. As a team leader, I have to consider if I give Zhang 100 yuan and Wang 50 yuan, Wang will do the work of 50 yuan from now on, and no more. It not only affects work in the workshop but also our interpersonal relationship.

By contrast, some young workers were not happy with maintaining harmony at the expense of trading principles to harmony. They complained that their working enthusiasm was damaged because poor performers were rewarded with the same amount of bonus as they were. One young interviewee from Factory A commented (AI#6):

> For those who work and those who don't work, there isn't much difference in bonus. Presence-but-no-work is the norm of behaviour for some workers. They come in on time but don't do much work, as they are no good at technical skills. When we get bonus, we'll have the same amount. It hurts the enthusiasm of good workers.

Similar comments were made by a young worker from Factory B (BI#4):

> The new performance–reward practice is supposed to distinguish the working from the non-working. If it is really so, it will be good. But in practice it is not like this. Here you give each 200, there the director of the workshop would say the job for others are not easy, either. Give them the same amount. Then the enthusiasm of the hardworking is gone.

Differences between first- and second-generation employees were also found in their interpretation of security and loyalty. The traditional belief was that SOEs would continually provide their employees with a salary and life-supporting services, whereas employees, in return, contributed to their SOE by working for it all their lives. The implementation of labour contracts in the late 1980s challenged this sense of security in employment. It was hard for older employees to accept the concept as they could not understand why their factory might not want them some day after they had been working for it almost all their lives (BI#7, BI#8). Uncertainty and anxiety arose among older employees regarding issues such as pensions and company-paid medical care after retirement. Younger employees, however, welcomed the concept of the labour contract in SOEs (AI#6, AI#13, BI#4). They believed that the new employment system would help to retain good workers and get rid of poor performers. Besides, they would also have the opportunity to choose to leave or stay after a few years of service, which was not common practice before reform.

When security of employment changed from life-long to contractual, the loyalty of the workforce was at risk. First-generation employees believed that as the factory provided a whole life-supporting system for its employees, employees were expected to keep contributing effort to the

factory even when it did not operate profitably, the same way that one could not quit the family just because it became poor (AI#2). An older interviewee (AI#8) indicated that she might be considered poor compared with those working in private business, but she would rather be paid less to work in an SOE than be paid more to work in a private company, because SOEs were where she started. However, a younger worker from the same factory related (AI#13):

> If the factory doesn't make money, I'll certainly leave here for better places. Water flows from higher position to lower position, but people should move from lower position to higher position.

Not only did working all their lives at the same factory contribute to the sense of loyalty in the first-generation employees, but living in the factory community also strengthened the ties between employees and the factory due to a complex network of interpersonal relationships. One older employee (BI#8) indicated that she would not leave her factory for a better place elsewhere because she needed to give face to the leaders she had known for so many years.

Subcultural differences were also found in the interpretation of stability. Take Factory A, for example, the demand for its major product, penicillin, had dipped the previous year. When it was estimated that they would face big losses, the strategy suggested by an older leader to cope with the situation was to reduce the cost rather than turn to new products. To quote his words, 'Try to wring water from a wrung towel' (AI#15). Younger employees, by contrast, were more enthusiastic about developing new products. A worker (AI#13) who came to the Factory A two years ago recalled that their research centre produced distilled water two years ago, but the factory was reluctant to put it into large-scale production. Now there was a big market for distilled water, but this market had been occupied by other enterprises. He added, 'The competition is tough. If you don't move forward, you automatically fall backward when others move ahead.'

In summary, moving from organization-wide to subcultural levels, differences emerged in the interpretations of the cultural themes. Specifically, the second-generation employees wished to reduce bureaucracy; they were not in favour of trading principles for maintaining harmony; they viewed loyalty and security as conditional rather than unconditional; and they were more enthusiastic about change than stability. Table 1 provides a brief summary of the eight cultural themes as viewed by the two generations of employees.

Table 1   Organizational cultural themes revealed by two generations of employees in interviews

Themes	Consensus
Hierarchy	1st G: Hierarchy should be accepted and not be challenged.
	2nd G: Higher-ups should be respected and addressed by titles and last names.
Family	1st G: Leaders show concern to workers like 'fathers' to 'children'.
	2nd G: Co-workers address and treat each other as brothers and sisters.
Equality	1st G: Leaders have better chance than workers in getting housing and pay rise.
	2nd G: Some regulation such as morning check-in applies to workers only.

Themes	Inconsistencies
Bureaucracy	1st G: As a rule, problems at workshops need to go level by level before reaching the 'tops'.
	2nd G: It's a waste of time and labour for reports written to go to the 'tops' to be examined by several middle level leaders and re-written several times.
Harmony	1st G: Everything prospers in a harmonious family.
	2nd G: It hurts the enthusiasm of the good performers when principles were traded to maintain harmonious interpersonal relationships.
Security	1st G: What characterized SOEs was their life-time employment and life supporting facilities.
	2nd G: One good thing about labour contract was it gave the factory chance to get rid of poor performers and gave workers freedom to leave for better places.
Loyalty	1st G: SOE employees should contribute to their own factory all their lives but not just leave when it is not operating as profitably as other factories.
	2nd G: If my factory doesn't make money, I would certainly leave for better places.
Stability	1st G: We should try to stabilize our workforce and products.
	2nd G: Change is good. If you don't move forward, you fall backward.

Findings from the survey

Deriving underlying dimensions of the eight categories

Principal component factor analysis was first performed to determine whether the 50 items grouped under the 8 cultural themes could be condensed into a smaller set of factors. Scores for ideal practice were used as the basis for factor extraction and scale construction. The Kaiser–Meyer–Olkin measure of sampling adequacy was .76 justifying factoring. By examining 10 different factor structures, a decision was made

to accept a 5-factor extraction as this solution best achieved representativeness and parsimony. Cronbach's alpha for reliability of scales suggested by the five factors was run before finalizing the number of items in each factor. Dropping of items was based on contribution to alpha, factor loading and content of the item. This process left 36 items in the 5-factor solution (α = .74–.80). Although two items still had secondary loadings in the final factor structure, they were nevertheless retained because of the important role they played in representing the content of the primary constructs. Table 2 provides information on factors, items and associated factor loadings. The information in brackets at the end of each item indicates the original category for that item.

In Table 2, Factor 1 had 11 items and was labelled Harmony. Although it was a diversified factor consisting of items from four original categories (Family, Harmony, Security and Stability), its most consistent characteristic was the importance of harmony in a family. The three items from the original category of 'harmony' were concerned with proper distribution of bonus. The four items from 'family' described that workers regarded their factory as family and cared about each other. The two items from 'security' were concerned with enterprise-provided medical insurance and the position of workers in the factory. The two items from 'stability' were related to leaders' attitudes towards improving facilities and developing new products. Hence, Factor 1 was a combination of the original category of Harmony, Family, Stability and part of Security.

Factor 2 was labelled Loyalty as it consisted of items uniformly from the category 'loyalty'. The six items suggested reasons for workers to remain in the factory even when it might be operating with difficulty. Those reasons covered issues of face, fidelity, fear of losing pension and a feeling of helplessness.

Factor 3, termed Bureaucracy, contained seven items from the category 'bureaucracy' and five items from 'hierarchy'. The items from 'hierarchy' were concerned with upward and downward communication. The items from the category 'bureaucracy' were concerned with managerial style with respect to appointed factory leadership, censorship of reports written for the managing director, and a lack of worker participation in decision making. Hence, this factor was a combination of the original categories of bureaucracy and hierarchy.

Factor 4 was termed Equality. The three items were about the lack of equality between workers and leaders with respect to housing, fringe benefits and increases in salary. These three items were reverse coded to achieve consistency with other scales.

Four items from the category 'security' had significant loadings in

Table 2 Factor loadings of 36 items on the five factors

Items	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Factor 1 Harmony					
Workers proud to be employees of the factory (family)	**.61**	.01	.16	.00	.03
Leaders encourage improving equipment and facilities (stability)	**.60**	.03	.22	−.04	−.20
Difference in bonus encourages good workers (harmony)	**.58**	−.02	.15	.04	.02
Leaders encouraging developing new products (stability)	**.57**	.04	.14	.04	−.14
Workers regard themselves always as members of the factory (security)	**.55**	.01	−.04	−.03	.10
Poor performers hurt the enthusiasm of good workers (harmony)	**.54**	−.23	−.02	−.10	−.13
Poor performers get similar amount of bonus as good workers (harmony)	**.52**	−.19	−.08	−.09	−.04
Co-workers help each other like family members (family)	**.50**	.14	−.05	−.06	−.05
Workers care about how the factory is doing as their own family (family)	**.47**	.00	−.01	.14	.15
Leaders show concern if a worker's family is in difficulty (family)	**.47**	.00	.00	.03	−.10
The factory provides medical care package to workers (security)	**.41**	−.02	−.10	.07	.29
Factor 2 Loyalty					
Workers remain in factory even when it is not operating profitably (loyalty)	.01	**.71**	.02	.04	.05
Workers remain in factory for the sake of pension after retirement (loyalty)	−.08	**.70**	.13	−.00	.17
Workers remain in the factory to give face to leaders (loyalty)	−.07	**.64**	.05	.03	.02
Workers remain in the factory because they love it (loyalty)	.12	**.61**	.04	−.05	.13
Workers remain in the factory because it is their family (loyalty)	.10	**.59**	.07	−.13	.15
Workers work in the same factory all their lives (loyalty)	−.03	**.58**	.15	−.09	.16
Factor 3 Bureaucracy					
Leaders make all decisions (bureaucracy)	.08	−.04	**.63**	.11	.10
Managing director is appointed by the above (bureaucracy)	−.02	−.04	**.61**	.09	.03
Managing director relies on middle managers as main source of information (bureaucracy)	−.05	.13	**.58**	−.07	−.08

Table 2 Continued

Items	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Managing director has the final say in decision making (bureaucracy)	−.19	.03	**.55**	−.03	.18
Workers need to be disciplined by rules (hierarchy)	.22	−.06	**.49**	.03	.10
Reports written for the managing director have to be examined several times (bureaucracy)	.10	.20	**.46**	.19	−.01
Workers representatives don't have a real say in decision making (bureaucracy)	−.40	.19	**.46**	.04	.07
Reports written for the managing director have to be re-written several times (bureaucracy)	.08	.08	**.43**	.23	.10
Workers have no role in decision making (hierarchy)	−.37	.17	**.43**	−.08	−.04
Policies were passed down level by level (hierarchy)	.18	.25	**.41**	−.06	.10
Workers' problems were brought up level by level (hierarchy)	.21	.20	**.40**	−.00	.06
Workers address leaders by title and last name (hierarchy)	.02	.23	**.33**	.19	.03
Factor 4 Equality					
Leaders have priority in getting housing (inequality)	−.00	.02	.14	**.88**	−.00
Leaders have more fringe benefits (inequality)	.01	.02	.17	**.79**	−.04
Leaders get faster pay rise (inequality)	−.05	−.14	.13	**.78**	.09
Factor 5 Security					
Advantage of working in SOEs is security of employment (security)	−.10	.02	.18	.01	**.81**
Advantage of working in SOEs is pension after retirement (security)	.09	.14	.12	.02	**.68**
Advantage of working in SOEs is ease (security)	−.19	.31	.11	.02	**.60**
SOE will always continue in business (security)	−.09	.42	.06	.06	**.58**

Factor 5. These four items revealed the traditional belief in the advantage of working in SOEs, such as lifetime employment, ease and pension. Thus, Factor 5 was labelled Security.

Factor analysis reduced the original eight categories to five factors (α = .74–.80). Mean scores of items contained in each factor were computed as dependent variables for subsequent comparisons between first- and second-generation employees (Harmony, M = 4.74, SD = .29; Loyalty, M = 2.83, SD = .93; Bureaucracy, M = 3.42, SD = .61; Equality, M = 4.14, SD = .67; Security, M = 3.18, SD = 1.14).

Discrepancies between actual and ideal practices

Results of t-tests in Table 3 illustrate that in general significant differences existed between the actual and ideal practices across all five factors. What employees perceived and what they hoped for were significantly different. Consistent with interview findings, respondents, in general, wished for more harmony (t = –28.84, p < .001) and more equality (t = –40.43, p < .001), but less bureaucracy (t = 22.35, p < .001). Similar to views expressed in particular by interviewees from the second generation, respondents in general wanted less security (t = 12.07, p < .001) and less loyalty (t = 15.08, p < .001). This pattern of relationships between the actual and ideal practices held for respondents from both first and second generations.

Differences between the two generations of employees

Results from two-tailed t-tests comparing the ratings from the two groups of respondents on actual and ideal practices revealed significant differences (Table 3). As three of the five cultural themes were correlated, MANOVA analyses with gender, age, position and education as covariates were run to examine further the differences between the two generations of employees in terms of their ratings of the five dependent variables and the overall impact of the covariates. With ratings on actual practices, the multivariate effect for 'generation' (date of entry) indicated by Pillai's Trace criterion was marginally significant (p < .10). Further examination of the univariate F-tests for each dependent variable showed significant main effects on security (p < .05) and a marginal main effect on loyalty (p < .10), with first-generation employees' ratings on both variables higher than that of respondents from the second generation. Table 4 presents the results of multivariate analyses of actual practices with the four demographic variables as covariates.

A slightly different picture was revealed when we ran the same analysis with ratings on the ideal practices. With ratings on ideal practices, significant

Table 3 Differences in ratings on actual and ideal practices

Variable		N	Mean	SD	t
Actual and ideal practices at overall level					
Actual Harmony		500	4.10	.53	−28.84***
Ideal Harmony		500	4.74	.29	
Actual Bureaucracy		500	4.12	.48	22.35***
Ideal Bureaucracy		500	3.43	.61	
Actual Equality		500	2.05	1.06	−40.43***
Ideal Equality		500	4.14	.67	
Actual Loyalty		500	3.37	.70	15.07***
Ideal Loyalty		500	2.85	.93	
Actual Security		500	3.74	.82	12.07***
Ideal Security		500	3.18	1.14	
Actual practices by generation					
Harmony	G1	220	4.20	.51	3.72***
	G2	280	4.02	.53	
Bureaucracy	G1	220	4.06	.46	−2.49*
	G2	280	4.17	.49	
Equality	G1	220	2.06	1.11	.13
	G2	280	2.04	1.02	
Loyalty	G1	220	3.54	.73	5.01***
	G2	280	3.23	.63	
Security	G1	220	3.80	.81	1.49
	G2	280	3.69	.83	
Ideal practices by generation					
Harmony	G1	220	4.76	.27	1.48
	G2	280	4.72	.30	
Bureaucracy	G1	220	3.56	.60	4.19***
	G2	280	3.33	.61	
Equality	G1	220	4.17	.68	.83
	G2	280	4.12	.67	
Loyalty	G1	220	3.06	1.09	4.98***
	G2	280	2.65	.75	
Security	G1	220	3.49	1.05	5.48***
	G2	280	2.93	1.16	

Items were measured on 5-point scale.
G1 = those hired at or before 1980; G2 = those hired at or after 1981.
*$p < .05$, *** $p < .001$.

Table 4   Difference between two generations of employees on the ratings of five variables (actual practice). Dependent variables: harmony[a], loyalty[b], bureaucracy[c], equality[d], security[e]. Independent variable: generation. Covariates: gender, age, position, education.

Source	DV	SS	df	MS	F
Gender	Harmony	2.13	1	2.13	8.10**
	Loyalty	.18	1	.18	.40
	Bureaucracy	.02	1	2.13	.13
	Equality	.31	1	.31	.29
	Security	2.46	1	2.46	3.65+
Age	Harmony	1.09	1	1.09	4.14*
	Loyalty	1.76	1	1.76	3.84+
	Bureaucracy	.21	1	.21	.93
	Equality	1.69	1	1.69	1.59
	Security	2.09	1	2.09	3.11+
Position	Harmony	1.33	1	1.33	5.07*
	Loyalty	.25	1	.25	.55
	Bureaucracy	1.18	1	1.18	5.24*
	Equality	27.03	1	27.03	25.36***
	Security	.02	1	.02	.03
Education	Harmony	.03	1	.03	.15
	Loyalty	1.08	1	1.08	2.34
	Bureaucracy	.70	1	.70	3.12+
	Equality	7.90	1	7.90	7.41**
	Security	1.15	1	1.15	1.70
Generation	Harmony	.52	1	.52	1.99
(date of entry)	Loyalty	1.61	1	1.61	3.51+
	Bureaucracy	.02	1	.02	.10
	Equality	.00	1	.00	.00
	Security	3.70	1	3.70	5.49*
Error	Harmony	129.99	494	.26	
	Loyalty	227.21	494	.46	
	Bureaucracy	110.96	494	.22	
	Equality	526.56	494	1.07	
	Security	332.53	494	.67	
Total	Harmony	8553.51	500		
	Loyalty	5916.97	500		
	Bureaucracy	8618.81	500		
	Equality	2662.22	500		
	Security	7330.37	500		

[a]R^2 = .06.
[b]R^2 = .06.
[c]R^2 = .03.
[d]R^2 = .02.
[e]R^2 = .06.
*$p < .05$, **$p < .01$, ***$p < .001$.
+$p < .10$

multivariate effect for 'generation' (date of entry) measured by Pillai's Trace criterion was found ($p < .05$). An examination of the univariate F-tests for each dependent variable indicated significant main effects of Loyalty, Security and Bureaucracy ($p < .01$), with first-generation employees' ratings on all three variables higher than those of second-generation employees. Table 5 presents the results of multivariate analyses of ideal practices with the four demographic variables as covariates.

With regard to the impacts of the four demographic variables, we found that position had a significant effect on Bureaucracy across ratings on actual and ideal practices, with leaders' ratings higher than those of workers. This finding was not surprising as the higher the position a person held at work, the more likely he/she had the chance to practise bureaucracy. The desire for security tended to decrease as the level of education increased. This suggests that the more educated the person, the less concerned she/he would be about job security, as a higher education qualification gave the person more choices in the current job market. In practice, ratings on Harmony were likely to increase when the respondent was female and/or older. These results imply that females and older employees cared more about developing good interpersonal relationships with co-workers at work, probably because they were in a less advantaged position to compete in the current job market and were less likely to leave for other workplaces out of choice. Hence, they tended to perceive their relationship with co-workers and/or leaders as long-term.

Comparison of interview findings and survey findings

Consistent with the interview findings, there was no significant difference between the two generations of employees with respect to their desire for more equality, and first-generation workers valued loyalty and security more than did second-generation employees. Also consistent with interview findings, first-generation employees would tolerate a higher level of bureaucracy in management compared with second-generation employees. Contrary to the interview findings, the difference between the two generations of employees with regard to their interpretation of harmony did not reach significance level in survey data. One possible explanation for this result was that the views revealed in interviews were not representative of a larger population. Another possible reason was that Harmony as a traditional value in Chinese culture might be treasured equally by both generations of employees. However, when the issue was maintaining harmony at the expense of trading principles, which deviated from the goal of the newly implemented performance–reward policy, second-generation employees were more

Table 5   Difference between two generations of employees on the ratings of five variables (ideal practice). Dependent variables: harmony[a], loyalty[b], bureaucracy[c], equality[d], security[e]. Independent variable: generation. Covariates: gender, age, position, education.

Source	DV	SS	df	MS	F
Gender	Harmony	.07	1	.07	.84
	Loyalty	2.53	1	2.53	3.03
	Bureaucracy	.04	1	.04	.10
	Equality	.02	1	.02	.04
	Security	10.74	1	10.74	9.01**
Age	Harmony	.00	1	0.00	.00
	Loyalty	1.80	1	1.80	2.16
	Bureaucracy	.04	1	.04	.11
	Equality	.00	1	.00	.00
	Security	4.45	1	4.45	3.74
Position	Harmony	.23	1	.23	2.65
	Loyalty	.04	1	.04	.05
	Bureaucracy	1.80	1	1.80	4.97*
	Equality	.11	1	.11	.23
	Security	1.63	1	1.63	1.37
Education	Harmony	.143	1	.14	1.68
	Loyalty	.09	1	.09	.11
	Bureaucracy	.04	1	.04	.12
	Equality	1.66	1	1.66	3.64
	Security	5.131	1	5.13	4.31
Generation	Harmony	.13	1	.13	1.54
(date of entry)	Loyalty	3.81	1	3.81	4.57*
	Bureaucracy	1.42	1	1.42	3.92*
	Equality	.04	1	.04	.08
	Security	6.13	1	6.13	5.14*
Error	Harmony	41.95	493	.08	
	Loyalty	410.94	493	.83	
	Bureaucracy	178.64	493	.36	
	Equality	224.79	493	.46	
	Security	587.37	493	1.19	
Total	Harmony	11251.36	499		
	Loyalty	4449.06	499		
	Bureaucracy	6067.34	499		
	Equality	8777.89	499		
	Security	5709.75	499		

[a]R^2 = .01.
[b]R^2 = .06.
[c]R^2 = .05.
[d]R^2 = .01.
[e]R^2 = .10.
*$p < .05$, **$p < .01$.

Table 6 Summary of interview and survey findings on differences between employees from two generations

Themes	Generation[a]	Interview findings	Survey findings	
			Actual practice	Ideal practice
Harmony	1	More	No difference	No difference
	2	Not too much	between the two	between the two
Bureaucracy	1	OK	No difference	Higher
	2	Less	between the two	Lower
Equality	1	More	No difference	No difference
	2	More	between the two	between the two
Loyalty	1	Unconditional	Higher	Higher
	2	Conditional	Lower	Lower
Security	1	More	Higher	Higher
	2	Less	Lower	Lower

[a] 1 = those hired at or before 1980; 2 = those hired at or after 1981.

sensitive about it. Table 6 provides a summary of findings from interviews and surveys.

Discussion

This study relied on both qualitative and quantitative measures to examine unity and diversity of organizational cultures in Chinese state-owned enterprises. Interview data revealed eight cultural themes: Hierarchy, Bureaucracy, Harmony, Family, Equality, Loyalty, Security and Stability. These eight themes were further clustered into five dimensions by principal component analysis: Equality, Security, Loyalty, Harmony (combining Family, Harmony, Stability and part of Security), and Bureaucracy (combining Hierarchy and Bureaucracy). The following section discusses the five themes in light of Chinese cultural assumptions and draws implications for organizational cultural research.

Integration perspective: Treasure Harmony and increase Equality

Viewed from the integration perspective, organization-wide consensus in this study was demonstrated by the desire for harmony in interpersonal

relationships and the dissatisfaction with lack of equality between workers and leaders. Harmony is an essential element of Confucianism. Traditionally, the Chinese considered that heaven, earth and human beings formed an organic whole (Yum, 1988). Success depended upon appropriate time in accordance to heaven, favourable conditions provided by earth and harmonious relationships between individuals. Hence, harmony was important because it brought fortune and prosperity. From the perspective of both managers and workers, harmony was desired to promote productivity and foster job satisfaction. The content theme of harmony was in agreement with the practice of employees showing care and concern to each other as family members, leaders paying attention to saving face in criticizing a tardy worker, and workshop directors trying not to make the differences between individual remuneration too large so as to avoid interpersonal conflicts, hence, the action consistency.

To a certain extent, the content theme of harmony could be regarded as ideologically consistent with the content of equality. Although employees recognized the hierarchical relationship between leaders and workers, they were not happy about some leaders having access to privileges they did not deserve, such as not being bound by factory regulations (e.g. morning check-in procedure) or pay rises honouring position but ignoring years of service, or a leader younger in age having a better chance of obtaining a larger factory-provided apartment than an old worker with 30 years' working experience in the factory.

Differentiation perspective: Maintain or reduce Bureaucracy, Loyalty and Security

The implementation of reform policies, such as managerial focus on productivity and efficiency, the individual performance–reward mechanism and labour contracts, brought changes to the operational environment of SOEs, resulting in subcultural differences between employees hired before the reforms and those hired after, primarily signified by older employees' higher ratings on Bureaucracy, Loyalty and Security.

'Bureaucracy' in this study consisted of items from the categories 'bureaucracy' and 'hierarchy'. Tompkins (1987) suggests that the essence of Weber's bureaucracy was hierarchy. The hierarchical organizational structure in SOEs was symbolically consistent with the formal way of addressing leaders, vertical communication and filtering of information at each level of the organizational hierarchy. The ordering of relationships by status and observing this order was Confucianism in action (Hofstede & Bond, 1988). However, action inconsistencies occurred because the practice of bureaucracy

was at variance with the advocated managerial focus on productivity and efficiency. Second-generation employees, generally younger in age and junior in position compared with those from the first generation, were more likely to be victims of the practice of bureaucracy, such as the case of that young administrative staff (BI#13) having to re-write a report several times based on comments from those on a higher level of the hierarchy. Understandably, complaints were more likely to come from junior than from more senior employees. The positive relationship between position held (e.g. leader, worker) and bureaucracy further supported this assumption. In addition, second-generation employees were more in keeping with the concepts of efficiency and productivity brought by reform, both of which could be hindered by the practice of bureaucracy.

Differences were also found between the two generations of employees with respect to their views on loyalty and security. A main factor that contributed to the sense of security and loyalty was traditional lifetime employment (iron rice bowl). Organizationally, most first-generation employees were hired under the 'iron rice bowl' employment system and hence they had worked/been working in the same SOE all their lives. Socially, most first-generation employees lived in factory-provided housing and developed a sense of working and living together in communities. Relationships had been fostered and networks built centred around where they worked and lived. Those relationships not only bound mainly first-generation employees to their organization, but also tied them together socially outside the organizational boundaries. For them, working in the factory was not just fulfilling their organizational responsibilities, but also taking care of each other as relationship partners. This phenomenon has been found in previous research conducted at other SOEs in China (Yu, 1999). Because of their work and social ties, first-generation employees developed their sense of mutual obligations to explain why they remained in the factory. However, the content theme of security and loyalty was symbolically inconsistent with the labour contract policy brought in by the reforms. Hence, when it was implemented in the late 1980s and early 1990s, it was met with complaint, confusion, anxiety and uncertainty from many first-generation employees.

The ties between second-generation employees and their factory were relatively loose. Compared with their parents, if they worked in the same factory, most of them had a better formal education background. Education combined with younger age provided them with more choice and mobility in society. This assumption was confirmed by the inverse relationship between education level and the desire for security in this study. For those second-generation employees who were 'outsiders' to the factory community, especially those who were hired under the labour contract system, these ties

were even looser. As members of the organization, they had responsibility to contribute to the betterment of the factory, but they were not bound by the obligation to take care of relationships intermingled with their parents or relatives working in the same factory. For them, self-advancement was more important as it was the only way to either renew their contract or find better opportunities elsewhere. Hence, security was viewed by second-generation employees as conditional. To a certain extent, the labour contract policy was ideologically consistent with the desire for self-advancement, because it gave employees the freedom to leave for better workplaces, a practice which was uncommon in SOEs in the past.

Implications for organizational culture theory and research

The combination of integration and differentiation perspectives provides a fuller understanding of workforce dynamics (Hofstede et al., 1990). Each individual in the society stands at the nexus of a multitude of social relations. This network of relationships helps to determine the kind of values, attitudes, ideas and perceptions organizational members bring into their organizations (Stohl, 1995). Congruent with an integration perspective, at any point in time, some cultural themes would be interpreted in similar ways throughout the organization. At the same time, in accordance with the differentiation perspective, other issues would surface as inconsistencies and generate subcultural differences. Employees brought up during different historical periods perceived and interpreted the same cultural themes differently, creating cultures within culture in SOEs. What we seek in examining unity and diversity from a cultural perspective is a rich understanding of how individuals respond to a variety of cultural changes in reaction to surrounding influences (Martin, 1992; Shockley-Zalabak, 1999). With greater insight and understanding of cultures within culture, we can promote cultural synergy in the workforce and reap the benefits of greater productivity, higher morale and better relationships among members of the workforce.

If an organization is recognized as a social entity, the existence of this symbolic entity rests upon the development and maintenance of widely shared values that provide a mechanism to coordinate the behaviours of organizational members (Clampitt, 1991). These shared cultural values are expressed by modal values or *What Should Be* and modal practices or *What Is* (House and Associates, 1999) and they influence problem-solving and employee motivation, as well as response to change. The significant differences between ratings on the actual and ideal practices indicate discrepancies between what employees have actually been experiencing and what they desire. This finding is consistent with previous research findings that reported

substantial differences in people's perceptions of how things should be as opposed to how things are perceived to be (House and Associates, 1999). Further research may be directed at examining this issue in relation to its impact on organizational members' performance.

The hybrid methodology adopted in this study retained some of the richness characteristic of qualitative approaches, helped to neutralize bias in interpretation, and permitted the generation of comparative data. The strength of triangulating methods in this study lies in that qualitative data functioned to enrich the portrait, whereas quantitative data functioned to define the framework of each part. Findings from this study, though limited in scope, allowed us to uncover a cultural web that can be traced to the larger cultural and social contexts. We do not deny that the flavour of cultures can only be experienced by insiders, however, the outcome of our five cultural dimensions framework revealed a certain structure in this cultural web. This framework may help practitioners to create awareness of subcultural differences within the same organization. It may also function as a guideline for us to measure cultural change in SOEs over time. Increased knowledge about cultural change helps us to understand and predict the organizational behaviours of different subcultural groups, especially during times of transition. Future research may be directed at subculture groups, such as managers, workers, males and females to draw a more comprehensive map of the cultural web.

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