THESIS SUMMARY

Sára Koczkás

Management with Chinese Characteristics

At the intersection of culture and institutions

Ph.D. dissertation

Supervisor:

Balázs Vaszkun, Ph.D.
Associate professor

Budapest, 2024

Department of Management and Organizations

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1. Introduction of the topic

With the rapid development of the Chinese economy, the proliferation of Chinese companies worldwide, and the increased presence of Chinese business schools in the international academic discourse, the research on Chinese organizations became a major research stream in international journals. This stream of research, often denoted as Chinese management, represents a growing, developing, but also an elusive target for researchers and scholars interested in East Asia. What is missing from the literature of Chinese management is a comprehensive understanding of Chinese management practices and the underlying influencing factors. China is generally assumed to have a management system fundamentally different from the Western (J. T. Li & Tsui, 2000; Tsui, 2006), and one of the most often cited influencing and explanatory factor behind its uniqueness is the legacy of the Confucian ideology (Hofstede & Bond, 1988; Warner, 2016). However, empirical evidence to this relationship is still scarce, and there are many unclear aspects of the distinct characteristics of Chinese management and their link to Confucianism. Therefore, I intend to explore the role Confucianism plays in the Chinese cultural context relevant for the country's organizations, but also take into account other cultural and institutional factors which are behind the (relative) homogeneity of Chinese organizations. Additionally, I would like to explore the current state of knowledge about Chinese management, the most often studied factors in the internal operation of Chinese organizations. The dissertation consists of four introductory chapters containing the theoretical background, the research question, methodology, and research paradigm, followed by three published articles and a conference paper of the author. Three of the papers are co-authored. The following table contains the details of the articles.

Table 1. The four articles of the research

No.	Article Title	Authors	Published	Status
1	The influence of ideologies on Chinese management characteristics and its relevance in cross-cultural management between China and the European Union A conceptual paper	Vaszkun, Balazs – Koczkas, Sara	Budapest Management Review (MTA B)	Published in 2018, DOI: https://doi.org/10.14267/VEZTUD.2018.05.03

2	Does Confucius have a say in management today? Empirical evidence from Asia and Europe	Vaszkun, Balazs – Koczkas, Sara – Ganbaatar, Tseren – Chi-Hsien, Kuo – Yu, Yanghang – Sarvari, Balazs – Orolmaa, Munkhbat	European Journal of International Management (Scopus Q2)	Published in 2022, DOI: https://doi.org/10.1504/EJIM.2022.120715
3	Confucianism: ancient ideology or driving force of the future? A scoping review on the effect of Confucian culture on innovation	Koczkas, Sara	Society and Economy (Scopus Q3)	Published in 2023, DOI: https://doi.org/10.1556/204.2023.00021
4	Chinese management: a systematic literature review of the field	Koczkas, Sara – Vaszkun, Balazs	China Goes Global Conference 2023	Conference Paper, presented at the 17th China Goes Global Conference (July 11-13 2023, Bologna, Italy)

2. Theoretical background

Since the dissertation aims to explore the link between external factors and organizational attributes, the theoretical background build on theories that address the interrelations of these two aspects. Two of the most influential theories addressing the impact of the external environment on organisational practices are the institution-based view (IBV) and contingency theory.

2.1. The institution-based view

The institution-based view's (IBV) role in the field of strategic management can be conceived as responding to the need of a theory that can include the effects of the firm's environment in its strategic choices, since other leading theories, such as the industry-based or the resource-based view were only able to do that within the significant limits of the task environment (Peng et al., 2009). The emergence of the theory was intertwined with the emergence of management research in China, therefore, much of its conceptualization comes from the Chinese context (Peng, 2005). The fundamental question of the theory is why organizations are similar to each other (DiMaggio & Powell, 1983), and identifies the institutional environment as an external pressure which results in organizations of a certain field

change in a way that makes them homogenous. Scott (1995) argues that beside the technical (production) and managerial activities, organizations are also concerned with the compliance to the norms and conventions of their social context, because they must conform to societal expectations to gain legitimacy. Instead of focusing on financial or efficiency issues, IBV posits that firms are driven by social influence toward conformity through adopting socially valuable actions, or socially compliable managerial practices (Barney, 1991).

There were several attempts to define institutions in academic literature. In the most simple terms, multiple authors refer to institutions as the rules of the game (Boddewyn & Peng, 2021; Peng et al., 2009). According to more formal definitions, institutions are "the humanly devised constraints that shape human interaction" (North, 1990, p. 3), or "regulative, normative, and cognitive structures and activities that provide stability and meaning to social behaviour" (Scott, 1995, p. 33). Barley&Tolbert (1997, p. 96) define institutions as "shared rules and typifications that identify categories of social actors and their appropriate activities or relationships".

North (1990) determines two major groups of institutions, 1) formal and 2) informal institutions. He argues that the majority of institutional constraints are informal, rather than formal, where the importance of informal constraints independently from formal ones is supported by the facts that the same formal institutions have different effects in different societies, and that many aspects of the informal institutions are persistent even if the formal are changing (e.g. foreign occupations or the temporary rule of extremist / authoritarian regimes). Formal institutions are intentionally created (Van Essen et al., 2012) usually by political institutions (North, 1990), such as national parliaments or governments, so they are traditionally conceptualized on the level of nation-states (Meyer & Peng, 2016). It is important that they also contain an element of enforcement, a mechanism which ensures that they are complied to by the economic actors (Peng, 2013). Informal institutions are "socially shared rules, usually unwritten, that are created, communicated, and enforced outside officially sanctioned channels" (Helmke & Levitsky, 2006, p. 5). They include sanctions, taboos, customs, traditions, and codes of conduct (North, 1990), some aspects of culture and politics, but they are quite distinct from a nations cultural traditions – even though sometimes it is used synonymously (Boddewyn & Peng, 2021), culture can be considered part of the informal institutions, but two are not equal (Peng et al., 2008).

Culture is one of the most often mentioned part of informal institutions (H. Li et al., 2023; Sauerwald & Peng, 2013). There are countless models and theories to compare national cultures, but the cultural dimensions of Hofstede and the GLOBE project are two of the most influential cultural models which explicitly incorporate Confucianism. The values attributed to Chinese national culture are highly in line with the fundamental value set attributed to Confucianism, and the ideology is even mentioned in

some instances. The following table summarizes the basic cultural values influencing Chinese society and organizations based on the dimensions of Hofstede's dimensions, the results of the GLOBE project, and other empirical evidence based on these approaches.

Table 2. Fundamental cultural values of Chinese society

Cultural values	Explanation	Confucian background
Group orientation	In the society of China, collectivism prevails over individualism (Hofstede, 2007; J. Li & Madsen, 2010), self-restrained behaviour is expected (Fang, 2006)	Importance of family as social organization
Interdependent and mutually beneficial relationships	Interpersonal (and inter-organizational) relationships are based on reciprocity, but at the same time they are expected to be unequal due to the predefined roles (Baumann & Winzar, 2017; Fam et al., 2009; Kang et al., 2017)	unequal relationship to ensure social stability
Respecting hierarchy	Loyalty to supervisors and adhering to the defined role in the organization and society is expected.	Class system, obedience, unequal relationship to ensure social stability
Centralizing, paternalistic leaders	Reluctant to delegate authorities (Boisot & Xing Guo Liang, 1992; Han, 2013; Hill, 2006)	Obedience
Future orientation	Patience, reliability, trustworthiness, loyalty and long-term orientation is expected from members of the society / member of the organization, especially on higher levels of the hierarchy (Cheung & Chan, 2005; Hill, 2006; Hofstede & Bond, 1988)	Five constant virtues / personal virtues / *renqing*
Leading with virtue	Leaders are expected to lead with benevolence, morality, virtue and trust, and by setting example by themselves: gratitude towards their followers should naturally lead to them being loyal and respectful (Han, 2013)	Personal virtues / *renqing*

2.2. *Contingency theory*

Even though contingency theory originates from the 1960s (Burns & Stalker, 1961; Lawrence & Lorsch, 1967), it is still relevant for the research of modern organizations (Burton & Obel, 2018; Volberda et al., 2012), since it is one of the few theories to take a comprehensive look at the firm, and consider the environmental factors as well.

Lawrence and Lorsch (1967) deal with the interrelations between organizational subsystems and their respective sub-environments, using performance as dependent variable. The organizational subsystems in their study are organizational structure (e.g. span of supervisory control, number of hierarchical levels to a supervisor, importance of formal rules etc.); goal orientation of the organization (strategic focus: competitive action/processing cost/knowledge development/etc); and

interpersonal orientation within the organization (task accomplishment vs social relationships). Luthans and Stewart (1977) use three primary categories in their classification. The secondary variables stem from the primary ones and system performance is a tertiary variable dependent on the others. The primary and secondary level includes the environment, which is beyond the control of the manager, and can be external (e.g., national legislations) and internal (e.g., corporate policies); management variables such as planning and goal setting, or communication; and resource variables, which can be human (demographic and behavioural factors) and non-human.

Drazin and Van de Ven (1985) take a systems approach to organizations through structural contingency theory. They also address performance as a dependent variable, with personnel expertise, specialization, standardization, communication and corporate culture (supervisory and employee discretion) as independent ones. In the publications of Donaldson (1987, 2001), performance is also a dependent variable. His earlier work addresses organizational strategy (degree of product diversification) and structure (reporting relationships), while his later book mainly focuses on organizational size and structure (formalization, decentralization, structural differentiation).

Lee and Miller (1996) address environmental uncertainty and industry technologies; the generic strategy of the organization; and the effect of these constructs on corporate performance (relative profitability and growth, customer and employee satisfaction). Greenwood (1974) focuses on the size and geographical reach of the organization; the formalization of its procedures, hierarchy and integrative devices; and the interrelations between these constructs.

Similar to Lawrence and Lorsch (1967) and Luthans and Stewart (1977), Volberda *et al* (2012) also take a more comprehensive approach to organizations: they address environmental turbulence, the applied technology and the structure of the organization, as well as organizational culture and firm performance (as dependent variable).

Most recently, Burton and colleagues have dealt with the contingency approach in multiple works. They address environmental factors: changes of competition and technology (Burton et al., 2004), environmental uncertainty (Burton & Obel, 2018), complexity and unpredictability (Burton et al., 2021). Organizational size, ownership and technology (Burton et al., 1999), and workforce size and capabilities (Burton et al., 2021) are also addressed. All of the four referenced studies deal with the structural (e.g., configuration, span of control, formalization, centralization, communication, coordination); behavioural (e.g., organizational climate, leadership style) and performance aspects. Goals and strategic focus are also a main concern of the studies. (Burton et al., 1999, 2004, 2021).

Confucianism is often argued to have a determining effect on Chinese management, which seems to be supported by the institution-based view and the cultural models of Hofstede and the GLOBE study. According to the institution-based view, culture, as an informal institution, is an important

determinant of organizational practices, and the major cultural models attribute certain elements of Chinese culture to Confucianism. However, both contingency and institutional theory suggest that other elements of the external environment should be equally important (summarized in Table 3).

Table 3. Structure of the institutional environment of Chinese organizations

INSTITUTIONAL ENVIRONMENT		
Informal institutions		**Formal institutions**
National culture	*Social practices*	
Confucian elements, e.g., group orientation, respecting hierarchy Other shared values, virtues, principles	e.g., guanxi and other social institutions, industry standards	Legal and regulatory environment (e.g., the Constitution of the People's Republic of China) Market environment (macro characteristics of the Chinese economy)

Not only are there other important elements of national culture and within the informal institutions which are not necessarily connected to Confucian ideology, but the formal elements of the external environment are important to consider as well. Therefore, it is imperative to assess empirical evidence about the role of Confucianism, and how important it is compared to other external factors. The research questions, introduced in the next chapter, are formulated based on this theoretical dilemma.

3. Research questions

Based on the research goals, the theoretical background, and the content of the four articles of the dissertation, the following research questions were formulated. The answers to each of these questions build on one or two of the articles included in this dissertation, however, they are different from the more specific research questions formulated in the articles themselves. The following questions are formulated specifically for the dissertation as a whole – the following RQ0 is an overarching question, broken down into more specific ones.

RQ0: What external factors make Chinese organizations similar to each other?

This question will be answered in four independent articles published in academic journals by answering to following, more specific research questions.

RQ1: What external factors, rooted in ancient ideologies, determine how today's Chinese organizations work?

Since the purpose of this research is to gain a deeper understanding of external pressures Chinese organizations are facing, it is essential to start at the basics, and examine the cultural and ideological

background of the country, which is the most often associated with the uniqueness of the Chinese context in management research. However, empirical evidence is both scarce and ambiguous about how ancient ideologies are present in the modern manager's everyday activities, how these affect today's organizations in China. One reason of the ambiguity is the different approaches taken to operationalize these ideologies, especially Confucianism. Therefore, to start the examination of the presence of ancient ideologies in modern day's Chinese organization, we first have to know the answer to

RQ1.1: What are the implications of ancient Chinese ideologies on modern management?

RQ1.1. will be dealt with in an individual article, which takes into account the most influential ideologies of Chinese history – Confucianism, Taoism, Buddhism and Legalism, and interprets them from a managerial point of view. All of these ideologies are built on fundamental values, many of them applicable to modern management – this article aims to collect and organize them. However, even though ancient ideologies might have different value sets, guiding principles, or certain virtues which could be important to Chinese manager's today – the question is, whether they really are. This dilemma prompted the following research question:

RQ1.2: What cultural dimensions are attributed to Confucianism and what do they mean for modern management?

RQ1.2 is addressed by two separate articles. The first one aims to understand Chinese managers' perceptions about the core Confucian values. After collecting the different approaches of management literature to operationalize Confucianism, the paper follows a different approach. It operationalizes Confucianism based on the Analects, which is the collection of Confucius' original teachings, written and organized by his disciples. There is no evidence that this document has actual connection to the sage himself, but this is the closest possible source to him. Therefore, the research paper attempts to understand how Chinese managers of the 21th century interpret the management related values, virtues and principles suggested by this collection. The second article takes a different approach – it attempts to uncover the ambiguity of empirical evidence and the differences in conceptualizations of the relationship between Confucianism and modern management – related to innovation, to be more precise – based on the differences of operationalizations of Confucian culture.

Since the first research question, and its two sub-questions mostly focus on the cultural factors behind Chinese management, the next question incorporates other external factors, and addresses our current state of knowledge about the internal operations of Chinese companies.

RQ2: What external circumstances (cultural and institutional) and internal factors (contingencies) are the most relevant in today's Chinese organizations?

This research question will be addressed by an individual article which collects to most recent academic knowledge on Chinese management, following the framework developed in the theoretical chapter about contingency theory. The articles summarizes the most recent empirical research results based on 150 articles published between 2017 and 2022, and organizes the variables (which denote the studied aspects of the organizations) into the 2 external and 4 internal systems suggested by contingency literature.

4. Research methodology

To answer the research questions, the first step is the conceptualization of Chinese ideologies for modern management. The identification of the appropriate sources of these ideologies is a highly selective process and requires a multidisciplinary approach, which cannot be systematized through a search query in a certain database. Therefore, a narrative approach (Paré et al., 2015) was taken to select and analyse the included studies in a conceptual paper. Conceptual papers are used to develop ideas, perspectives, insights and information for further empirical research (Sohi et al., 2022), therefore it provides an appropriate starting point and foundation for the next parts of the dissertation. The second article applies a qualitative method to determine whether Confucian values are present in the practices of Chinese managers. This article uses qualitative content analysis (Zhang & Wildemuth, 2016) with a grounded theory coding technique (Strauss & Corbin, 1998). This method is appropriate to uncover the participants' subjective interpretations on the subject matter, thus enabling a deeper understanding of Chinese manager's interpretation of Confucianism and other cultural values related to leadership. The data collection method involved conducting personal, semi-structured interviews with managers from China (both the People's Republic of China [PRC] and the Republic of China [ROC/Taiwan]), the European Union ((France, Germany, Hungary) and Mongolia. For the analysis, the interviews were divided into two main groups: a Chinese (PRC, Taiwan) group and a control, or non-Chinese, group. We collected primary data from interviews which followed a semi-structured protocol with the main content of questions based on the main concepts of the Analects. The questions were translated from English into Mongolian and Chinese, and translations were double-checked with the back-translation method (Brislin, 1970). The primary language of the research and the interviews was English (i.e. whenever participants had an adequate command of the English language, we conducted the interviews in English). Analysis of the interviews followed the coding protocol defined by Strauss and Corbin (1998), which was originally developed for grounded theory building, but which also corresponded to our goal of interpreting textual data through a systematic classification

process. We followed the three stages of the process; namely, (1) open coding, (2) axial coding, and (3) selective coding (Blair, 2015).

The third article applies a scoping review method. Scoping reviews are mostly used in the field of life sciences and education (Bouck et al., 2022), but they are gaining momentum in the management field as well as a tool for research synthesis (Matenda et al., 2022). This particular approach of literature review is suitable for a thematic analysis of the contents of both empirical and conceptual papers (Paré et al., 2015). This article aims to discover the differences in the operationalization of Confucian culture, and how the different approaches to Confucian culture are associated (empirically or conceptually) differently with its effect on innovation in organizations. To determine the explicit selection process, the steps proposed by Tranfield *et al.* (2003) were followed. First, the inclusion criteria and appropriate keywords were determined for the comprehensive database search. The first search was conducted in the Scopus database because it includes the relevant journals and most of the content from other databases, in addition, it provides precise filtering options to enhance the search results (Anand et al., 2021). Next, all the papers from the databases were carefully reviewed to decide which will be included in the analysis. The titles and abstracts of each article were cross-checked with the inclusion criteria – only those articles could be included, which were dealing with 1) a context of Confucian culture, and 2) addressed innovation as a dependent variable (or equivalent of a dependent variable in conceptual and qualitative papers) in organizational context. In multiple articles, innovation and Confucianism were addressed "next to each other", but not related to each other – these pieces were excluded during the analysis. After hand-picking the relevant papers for the research, the final sample included 27 papers. A thematic analysis was conducted on the relevant 27 papers by coding them in an Excel sheet in predefined categories, such as the definition of Confucianism, the definition of innovation, the relationship the paper associates with these two constructs, the country where the research was conducted and whether it addresses Confucianism and innovation on the individual or on the organizational level.

The methodology of the last article is a systematic literature review (Tranfield et al., 2003) which analyses 150 empirical research papers on Chinese management practices between 2017 and 2022. After collecting the variables and the discovered connections between them by these articles, we have a snapshot of the state of academic knowledge on management practices in Chinese organizations. The systematization of the variables is based on the contingency theory framework, therefore, it also provides information on which elements of the external environment are most relevant in today's Chinese management research. The systematic literature review method is appropriate for the

qualitative analysis and narrative synthesis for a comprehensive set of empirical (quantitative) studies (Paré et al., 2015).

The selection of articles was based on search results from the Web of Science core collection, with a date range of 2017-2022. The analysis phase comprised of three main steps, combining deductive and inductive coding. We anticipated that the data would follow the core concepts of the contingency approach (deductive step), but that the contingency variables within the six main dimensions should be derived without any preconceptions (inductive step). Step 1 (deductive coding) meant the initial coding of the variables based on a predefined start list: the six main dimensions of the contingency approach were used as first level codes. In Step 2, a second level code (keyword) was assigned to each variable, this time in an inductive way, to grasp the main idea, the main organizational issue, which the variable describes. The validation of the coding was carried out through member checking (Jonsen & Jehn, 2009) – two researchers conducted the coding separately, then the results were compared, which showed an approximately 80% consistency.

5. Results of the dissertation

This chapter summarizes the findings of the articles based on research questions formulated in Chapter 3.

RQ1: What external factors, rooted in ancient ideologies, determine how today's Chinese organizations work?

RQ1.1: *What are the implications of ancient Chinese ideologies on modern management?*

Ancient Chinese ideologies predominantly address behavioural aspects of management, leadership in particular. Confucianism has the most elements applicable to modern management, and several areas of it overlap with the other ideologies, therefore, I will focus on the implications of Confucianism. The five social relationships, which should be respected, can be applied to leader-subordinate relationships in organizational setting, while the five virtues of Confucianism can serve as guidelines for ethical leaders to find the balance between striving for profit and human virtues. Based on empirical and conceptual studies about the role of Confucianism in modern management, the most important values attributed to Confucianism are the five virtues: ren (仁, benevolence, humaneness); yi (义, righteousness); li (礼, proper rite); zhi (智, knowledge); xin (信, integrity), and the five relationships and their adequate behaviors (father's endearment, son's filial devotion, elder brother's gentleness, younger brother's respect, husband's fidelity, wife's compliance, senior's benevolence, youth's submission, ruler's kindliness, and subordinate's loyalty).

From the teachings of Confucius, based on the Analects, the following are the most important:

- Instead of regulations, people should be governed by moral force and rituals
- Promote those who are worthy and train those who are incompetent, focus on the merits of others instead of their shortcomings
- Always speak in an appropriate manner, never be arrogant or violent
- Filial piety, loyalty and devotion, show respect to older people
- Help those in need, instead of those who are already wealthy; A leader should serve their people
- Traditional, experience-based methods should prevail over creative new innovations – a leader should transmit knowledge, not invent.
- Profit is only good if it respects harmony and society
- A leader should have general, moral qualifications rather than being specialized in a particular area
- Good leaders are continuously learning, are always aware of what they have already learnt, and of what they still lack
- Good leaders keep their promises, are honest, transparent (do not oppose others in hidden ways but openly)
- Must be good, wise, and brave; not criticize others

RQ1.2: *What cultural dimensions are attributed to Confucianism and what do they mean for modern managers?*

From the above listed cultural dimensions, some are more important, some less important for Chinese managers in real life scenarios. In the following table, the highlighted rows indicate where Chinese managers' opinion was similar to Confucian teachings.

Table 4. Comparing Confucian values to the values of Chinese managers

Analects about the management practices managers' characteristics	Chinese managers about the same topic
Instead of regulations, people should be governed by moral force and rituals	Regulations are the most effective management method, but setting an example is also important
Promote those who are worthy and train those who are incompetent; Focus on the merits of others instead of their shortcomings	After objective evaluation, compensation should be merely based on performance
Always speak in an appropriate manner, never be arrogant or violent	**Friendly but professional communication with everyone (regardless of their hierarchical position)**
Filial piety, loyalty and devotion	**Good attitude (self-motivated, autonomous, and**

Show respect to older people	responsible) and dedication
Help those in need, instead of those who are already wealthy; **A leader should serve their people**	Careful communication, friendly but distant relationships; Informal relation- ships between manager(s)-subordinate(s) determine the performance of the group; **The leader is the engine of the group, and should serve their people**
A leader should have general, moral qualifications rather than being specialized in a particular area	**Skills and experience are much more important than formal education (which is still a prerequisite)**
Good leaders are continuously learning, are always aware of what they have already learnt, and of what they still lack	**Continuous learning (using the example of more experienced people, or by drawing conclusions about situations by themselves)**
Good leaders keep their promises, are honest, transparent (do not oppose others in hidden ways but openly)	Managers have to be self-conscious and restrain their emotions
Must be good, wise, and brave; not criticize others	Responsibility, trustworthiness, honesty, and self-consciousness

Next, the effect of the most often cited values and virtues of Confucianism (the five virtues and five relationships) on management was examined related to innovation. The results indicate that certain values have positive, certain values have negative effect on innovation. However, the most important lesson from the qualitative study with Chinese managers and the literature review on Confucian culture and innovation is that 1) in the field of management, Confucianism is usually operationalized rather arbitrary, which has a significant influence on the outcome of the research, and that 2) Chinese managers' opinions about management and leadership might be similar to Confucianism, but not in a significantly different way from their non-Chinese counterparts, and even though they are proud of their country's heritage, most of them has no clear knowledge about the Confucian values.

RQ2: *What external circumstances (cultural and institutional) and internal factors (contingencies) are the most relevant in today's Chinese organizations?*

Based on the articles and cultural dimensions, the following table summarizes the most important external circumstances influencing Chinese management. While the role of formal and informal institutions is certainly a major determinant of Chinese organizations, in most recent academic research mostly the informal interactions and relationships with political bodies has received the attention of scholars. Overall, institutional factors are fairly underrepresented, mainly because Chinese management scholars take a more pragmatic approach and tend to examine the more specific market environment.
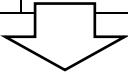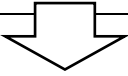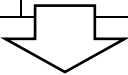
Table 5. Cultural and institutional background of Chinese organizations

INSTITUTIONAL ENVIRONMENT		
Informal institutions		**Formal institutions**
National culture	*Social practices*	
Importance of continuous learning and professional experience; maintaining appropriate relationships, importance of loyalty and dedication, paternalistic leadership	Pressure, support from and relationships with political bodies	Regulatory environment Market environment

RQ0: What external factors make Chinese organizations similar to each other?

Confucianism in most Chinese management research equals a limited set of variables which are connected to Confucian origins. Because of this, Confucianism alone is not applicable to explain the uniqueness of Chinese phenomena, and to explain how Chinese organizations actually work, or how Chinese managers or employees behave. It is also important to highlight the ambiguity of the approaches taken to define and operationalize Confucianism. While it is undoubtedly an important heritage of the country, the definition of Confucianism is not an easy job, and it is definitely not the job of management scholars. Based on the qualitative interviews, Confucianism is more of a personal perception or belief of Chinese people. Therefore, when examining the cultural and ideological influences of Chinese management, a more precise approach should be taken to denote the examined cultural values. Based on the findings of the articles, the following table summarizes the external institutional and cultural factors, and the dominant internal aspects of Chinese organizations. Based on recent research trends, we can conclude that practical, market-oriented factors are much more important to researchers and practitioners than culture and institutions, therefore, next to cultural and institutional factors, the market environment also has to be incorporated. Overall, these three major groups of external pressures influence the management subsystems of Chinese organizations, which in turn, adapt to these pressures, interact with each other, the effectiveness of which determining the overall performance of the organization.

Table 6. Different levels of external pressures and the internal adaptation of subsystems on Chinese organizations

INSTITUTIONAL ENVIRONMENT			
Informal institutions		**Formal institutions**	
National culture	*Social practices*	**Formal institutions**	
Values and principles potentially rooted in Chinese history (e.g., appropriate relationships, loyalty, paternalistic leaders, continuous learning)	Relationship with political bodies	Legal environment	

<div align="center">⬇</div>

Market-related contingencies			
Turbulence, complexity, uncertainty, competitor- and demand side pressures			

<div align="center">⬇</div>

Internal layer			
Strategic contingencies	**Intra-organizational contingencies**	**Structural contingencies**	**Behavioural contingencies**
Different strategic focus: green strategy, stakeholders, innovation; and generic strategies	Leadership's and ownership's attributes, firm-level and member capabilities	Coordination issues, but generally underrepresented area	Motivational and interpersonal factors, relationships between different hierarchical levels, HRM practices

<div align="center">⬇</div>

Performance	
Financial (e.g., profit or market share) and non-financial (employee performance, perceived effectiveness)	

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