

Organization and Management in the Midst of Societal Transformation: The People's Republic of China

Anne S. Tsui

Arizona State University, The Hong Kong University of Science and Technology, and Peking University, anne.tsui@asu.edu

Claudia Bird Schoonhoven

Graduate School of Management, University of California, Irvine, California 92697-3125, kschoonh@uci.edu

Marshall W. Meyer

The Wharton School, University of Pennsylvania, Philadelphia, Pennsylvania 19104, meyer@wharton.upenn.edu

Chung-Ming Lau

Faculty of Business Administration, The Chinese University of Hong Kong, Shatin, N.T., cmlau@cuhk.edu.hk

George T. Milkovich

Cornell University, (for correspondence: 31 Sea Colony Drive, Santa Monica, California 90405)

Twenty-five years of economic reform has propelled China to the center of the world's economic stage. Based on current trends, in the foreseeable future China is likely to become the largest economy in the world. China's dramatic growth may be envied by other developing economies, but for management scholars it presents an exciting intellectual puzzle. In this paper we describe the empirical context of China today, review contemporary research on Chinese management and organizations, and describe the nine papers in this special issue of *Organization Science*. The papers provide a close examination of how massive corporate transformation in China has influenced interfirm relationships, affected opportunity structures and social processes, and modified individual behaviors within firms. We identify the many paradoxes in this intellectual terrain and present a guide to the challenging research agenda ahead. We recommend that scholars of organizations think deeply about China as a context and consider China as an empirical setting where the boundaries of existing knowledge on organizations can be extended.

Key words: China; PRC; management; organizations; economic transformation; transforming organizations

Consider China's population. According to the 2002 *China Statistical Yearbook* it is almost 1.3 billion, or about 20% of humankind. Consider China's economy. China's gross domestic product (GDP) is about US\$1 trillion, about a tenth of the U.S. GDP, but much larger if purchasing power is considered. The trajectory of China's GDP, moreover, is staggering. For two decades China has sustained 10% annual growth in its GDP (World Bank 2003, Table 4-1). Many economists believe that the 8% growth rate reported for 2003 underestimates China's actual GDP growth. Consider the distribution of wealth within China. There is sufficient private wealth in China for *Forbes* to have identified the richest business people in the country (Hoogewerf 2002); clearly the information is newsworthy in the West. Yet China's per capita GDP remains below US\$1,000, with a growing gap of the order of magnitude in per capita income between the poorest rural provinces and the wealthiest cities. Just as China's insularity has evoked powerful, if not contradictory, images in the past (Spence 1999), China's growth and engagement with the West evokes powerful, if not contradictory, images today—The image is of limitless opportunity (Over-

holt 1994) versus a carefully orchestrated charade: a Potemkin village (Chang 2001, Studwell 2003).

Business organizations are the major engines of economic growth. No nation has had sustainable economic growth absent sustainable firms and managers guiding those firms—This is the “visible hand” of which Alfred Chandler (1978) wrote. Thus, it is reasonable to expect that professional managers and professional management will emerge as the Chinese economy continues to expand. Perhaps the best indicator of an emerging managerial class is the growth of business education in China. The government established a planning committee for formal MBA education in China in 1987, and in 1991 it approved nine pilot business schools with an enrollment of slightly over 100 students. The number of MBA graduates has doubled every two years since 1991. Today China has 62 business schools with a total enrollment of approximately 32,393 students (*Beijing Youth Post*), not including students in part-time and executive MBA programs. Yet, despite the rapid rise of business education and its increasing presence on the world's economic stage, China remains one of the regions of the world that has been studied the least by management scholars.

The year 1978 marked the beginning of an important new managerial era when Mao's 33 years of leadership ended and the Cultural Revolution had waned. China's new leadership, under Deng Xiaoping, announced major changes in economic policy which included awarding higher autonomy to its business organizations.¹ The new economic policy set in motion the restructuring of state-owned enterprises, which were the predominant organizational form in China in 1978. The restructuring included transforming centrally planned production units to self-managing business organizations responsible for their own profits and ultimate survival. Furthermore, the new policy opened China's economy to the founding of new firms, the participation of privately owned firms, and direct foreign capital investment. In the fewer than 25 years since then, China has enjoyed GDP growth from US\$45.3 billion (362.4 billion RMB)² in 1978 to almost US\$1 trillion in 2002. At the beginning of 2003, China ranked as the second largest recipient of foreign direct investment in the world, and its workforce of over 700 million was the largest of any country.

A significant step in China's journey to becoming a global economy was its admission to the World Trade Organization (WTO) in November 2001. Almost all of the large countries in the world belong to the WTO, and its members are required to open their markets and reduce tariffs on imports and exports. Currently, most developed countries run large trade deficits with China. WTO membership has propelled China's heretofore protected domestic markets into strong foreign competition, further spurring the transition of its business organizations and potentially restoring trade balance with its partners.

Arguably, this rapid rate of development is impeded by the lack of systematic knowledge about managing in highly variable dynamic contexts. Not only is competition intensifying in China, but the rules regulating competition are also changing. These conditions raise fundamental economic, sociological, and organizational questions about management during periods of transition.³ It is not the purpose of this special issue to account for China's rapid economic growth. Rather, our purpose is to advance knowledge about management during periods of economic turbulence and major corporate transformation in general, and to assess the extent of our knowledge about the Chinese context in particular. Empirically, China provides an exciting context for understanding the transformation of organizations along with its associated management challenges in an emerging market economy. Few regions of the world present management scholars with such diversity in ownership structures, organizational forms, business strategies, and management practices. Few of the world's regions are experiencing as many changes in institutional rules, social norms, and cultural values. These changes in turn fuel variations in management practice

and also influence employee behavior and expectations. The complexity of economic, geographic, legal, social, and cultural transformation in China gives rise to many challenging questions about management of organizations, questions of vital interest to China's government, to its business leaders, and to management scholars.

A limitation long acknowledged among management scholars (Boyacigiller and Adler 1991) is that existing theories of organizations are primarily derived from observations of formal organizations in highly developed Western economies, specifically the United States, Canada, and Western Europe. To what extent are these theories appropriate and adequate to understand management and organizations in economies that are less developed or those whose economies are in the process of emerging to global competition? To what extent are these theories useful to explain and predict firm behavior when the transition from a centrally planned economy to a market economy continuously challenges the political system governing the economy, so much so that frequent policy adjustments create a changing set of conditions to which firms must adapt? For a political system to move from highly centralized control to a relatively open market economy creates, in essence, a continuously changing set of experimental conditions to which enterprises must respond and adjust. While many regions of the world deserve our attention, the Chinese context offers a unique and useful blend of historical, political, cultural, social, and judicial changes that are rare in contemporary societies. In light of China's important role on the world stage, we believe that it is essential to understand how businesses operating in China adapt to the rapidly changing, complex, and turbulent conditions.

In the next section we describe the empirical context of China today. Then we review contemporary research on Chinese management and organizations; such research has a relatively short history of 25 years. We next describe the papers in this special issue, which have benefited from the Chinese government's and managers' increasing openness to social science research. Last, we present a guide to the challenging research agenda ahead of us. We sketch opportunities for scholars to contribute to knowledge about firms in developing and transitioning economies, and thus contribute to an increasingly global literature on management and organizations. Consider this special issue of *Organization Science* on the transformation of Chinese enterprises as an entrée, the first course of a multiyear research banquet.

The Terrain—Where is China Today?

It is difficult to chart the organizational terrain of China. Several fundamental challenges face researchers. History and institutions render the Chinese conception of the firm very different from the Western conception,

so different that it is uncertain whether commonplace assumptions, e.g., that firms have definite ownership and boundaries, hold in China. Some researchers claim that the magnitude of economic and enterprise reform in China has no precedent and that its evolution is quite distinct from that of post-Soviet Eastern Europe (cf. Chen and Lau 2000, Lin et al. 2001). Rapid enterprise reform and economic liberalization, moreover, have fragmented Chinese markets, rendering Chinese firms smaller and more evanescent than their Western counterparts. The same fragmentation of markets has created vast regional differences in the ownership and vitality of firms. Generalizing about Chinese firms, thus, is risky for several reasons: It is hard to define firms and locate their boundaries; firms rapidly morph from form to form; and state influence varies dramatically from province to province and, often, city to city. The conditions suggest a blunt question: How institutionalized is the firm in China today? The variation from firm to firm, from place to place, and over time cause great difficulties in capturing phenomena—the strategy of the firm, the structure of the firm, the performance of the firm—typically of interest to Western researchers.

While it is difficult to quantify the depth of firm institutionalization in China, there are several qualitative indicators. One indicator is the degree of separation of Chinese firms from the state. Unlike the former Soviet Union and Eastern Europe, China has never had mass privatization of state assets. Control of most state enterprises has been delegated to provincial and local authorities and, ultimately, to the managers of these enterprises, but ownership of these assets is retained by the state or, more accurately, the people (Meyer et al. 2002). The majority of Chinese firms listed on a stock exchange remain subsidiaries of 100% state-owned group corporations, and boundaries separating the firm from the state remain blurred. A second indicator is the degree to which strategic decisions are governed by a mix of political and economic motives, what Wittfogel (1957) called bureaucratic capitalism, rather than economic motives alone. For example, inefficient state enterprises continue to receive loans from state banks on extremely favorable terms while more efficient private enterprises do not have access to debt financing (Huang 2002). A third indicator of institutionalization of the firm is the status of private property. Until recently, the Chinese constitution provided no protection for those who own private property. Foreign-owned private property has constitutional protection, but property held by Chinese citizens does not. Despite a law promulgated in 1993 providing protection for both public and private properties, the legal protection for privately owned enterprises remains unreliable and limited (Chen and Lau 2000).

The speed of change, regional differences in ownership and market fragmentation, and the transitory nature of firms are more easily quantified. An index

of the speed of change, and perhaps the most important index from a Western perspective, is the growth of private enterprise. The growth of self-employment combined with employment in urban private enterprises has been dramatic, from 7.6 million in 1991 to 36.6 million in 2001 (*China Statistical Yearbook 2002*, Table 5-16). Employment in urban state-owned and collective enterprises dropped precipitously in the same period, from 142.9 million to 86.5 million (*China Statistical Yearbook 2002*, Tables 5-8 and 5-9). From 2000 to 2001 alone, the number of private enterprises in China with revenues above RMB 5 million, or US\$625,000, increased by more than half, from 22,128 to 36,218. The total revenue of these enterprises increased even faster, from RMB 522 billion, US\$65.25 billion to RMB 876 billion, US\$109.5 billion (*China Statistical Yearbook 2002*, Table 13-1). The growth of private enterprise notwithstanding, dramatic regional differences in ownership remain. In Beijing and the northeastern provinces of Liaoning, Jilin, and Heilongjiang, about half of industrial enterprises with revenues above RMB 5 million, or US\$625,000, remain state owned. In Shanghai, by contrast, state ownership of large industrial enterprises is about 20%, in Jiangsu and Guangdong provinces state ownership is about 10%, and in Zhejiang province state ownership is only 6% (*China Statistical Yearbook 2002*, Table 13-3).

Given dramatic regional differences in ownership, it is not surprising that most markets in China remain local or regional at best. The registered names of firms typically begin with a city or province, e.g., Shanghai Baosteel, Qingdao Haier. The industrial landscape is dotted with hundreds of small producers. The example of beer breweries is illustrative. A government-backed initiative to consolidate local breweries into national brands has stalled, and more than 600 independent breweries remain. Thus, though China is the largest beer market in the world, it is also regarded as the most difficult to penetrate (Dickie 2003). Competition is cutthroat, and gunfights between sales forces of rival state-owned breweries have been reported in the Sichuan province. Not surprisingly, competition has led to rapid turnover of firms. One point is illustrative. Park et al. (2003) have access to the Database of Industrial Firms (DIF), an annual industrial firm census conducted by the National Bureau of Statistics of China, for 1992–1996. The DIF captures more than 400,000 firms (the actual number ranges from 405,000 to 450,000 in the 1992–1996 interval), upward of 90% of the industrial output of China. Of the 400,000-plus firms, there is complete information on only 24,333 (or 6%) over the five-year period. The authors attribute much of this “severe data attrition to the high birth and exit rates of firms during the study period” (p. 22). However, beyond a high exit or entry rate of businesses, poor recordkeeping could also account for the incomplete information in the database.

Beyond the challenges posed by institutions and history, on the one hand, and economic reform and liberalization, on the other, social relations further complicate China's organizational terrain. The Chinese version of embeddedness is *guanxi*, literally connections or relationships (Luo 2000, Tsui and Farh 1997). *Guanxi* is ubiquitous and comes in many varieties. In many cases it is the only insurance that transactions will go through. Absent *guanxi*, there is little basis for trust: Contracts are regarded as backward rather than forward looking; the creditworthiness of counterparties is difficult to ascertain, and the judicial system rarely grants relief to outsiders. As a consequence, it is not clear that Chinese management can be understood apart from the networks of key managers. Indeed, these networks may be more important than the formal organization, rendering incomplete research on organizations in isolation from personal networks (Gold et al. 2003). Trust arising from *guanxi* connections is qualitatively different from trust arising from impersonal law and institutions. The former more often than the latter gives rise to the appearance if not the fact of reciprocity and corruption. Witness the large number of Chinese businessmen placed under investigation and arrested in the past two years (*Economist* 2003, Chen and Leggett 2002). The combination of weakly institutionalized firms and deeply institutionalized personal networks thus poses enormous challenges for management research in the Chinese context and for current management theory.

Contemporary Research on Chinese Management and Organizations

Though it has not been well developed, there exists a growing body of literature on the nature and influence of market transformation on firms and management in China. Li and Tsui (2002) reviewed 20 international journals that publish management- or organization-related topics. They found that between 1984 and 1999 226 papers addressed organization and management issues in the Greater China region, including Taiwan and Hong Kong. Of these, approximately half were conducted in mainland China. The journal articles are accompanied by an expanding shelf of books on organizations in the Chinese context. For example, on analyzing transformation in the state-owned enterprises, see Granick (1990), Lin et al. (2001), and Naughton (1995); on the effect of transformation on organizations and careers, see Guthrie (1999) and Walder (1996); on multinational corporations in China, see Child and Lu (1996); on the emerging private sector, see Young (1995); and on management challenges in general, see Child (1994), Li et al. (2000), and Tsui and Lau (2002). There are also several well-read books in the Chinese language documenting the nature, progress, and challenges of corporate transformation and market reform from the

perspective of local Chinese scholars (Rui 2000, Wu et al. 2002, Zhang 1999). Collectively, these publications represent an emerging body of knowledge about management in China and the challenging conditions that managers face.

What have we learned from this small but growing body of knowledge? As might be expected, management research on China has evolved over time in response to the changing terrain. Most of the earlier papers are about the influence of market transition on firm structure at the macro level (e.g., Boisot and Child 1988, Hall and Xu 1990) and employment mobility at the micro level (e.g., Lin and Bian 1991, Lin and Xie 1988). There are also observations of new managerial behavior in this transition period (e.g., Lockett 1988, Shenkar and Ronen 1987, Walder 1989). In the 1990s there was continuing interest in tracking the effect of market transition and reform on organizational structure (e.g., Nee 1992, Parish and Michelson 1996, Walder 1995b), on firm growth (Guthrie 1997) and change (Boisot and Child 1996), property rights (Walder 1992), job shift patterns (Zhou et al. 1997), career mobility (Walder 1995a), and managerial networks (Xin and Pearce 1996). There are also crosscultural studies of work values (Ralston et al. 1992, 1993) and joint-venture management (Child and Markoczy 1993, Luo 1995, Yan and Gray 1994). Two well-cited studies focused on the emerging domestic private sector firms (Entwisle et al. 1995, Liu 1992).

Is the interest in China management research a passing fad, perhaps akin to the frenzy of quality studies and corporate downsizing in the 1970s and 1980s in the United States (Abrahamson 1996)? To address this question, we extended the Li and Tsui study (2002) by reviewing the same 20 journals for the period from January 2000 to June 2003, with the results reported in Table 1. As shown, more than 104 papers on the Chinese firms were published in these three and a half years, about the same number as in the 16 preceding years. Compared to the earlier period, the number of published articles per year that focus exclusively on Chinese firms increased more than three-fold since 1984. Because studies in the earlier periods included research in Hong Kong and Taiwan, the increase in research activities in mainland China is likely understated in Table 1. Furthermore, the literature review focuses only on 20 prominent journals but excludes others that also publish research on firms in the Chinese context. These data support the conclusion that China has become a legitimate and viable context for management and organization research.

A content analysis of these most recently published papers on management in China reveals a small number of theoretical and conceptual papers and several qualitative case studies or in-depth interviews. The majority (more than 80%) are large sample, empirical studies at the firm or individual levels of analysis based on either survey or archival data. Research themes among

Table 1 Changes in the Number of Published Articles About the People's Republic of China and Greater China over Time

Journal Name	Greater China (Including PRC)		PRC Only 2000–2003
	1984–1991	1992–1999	
1. <i>Academy of Management Journal</i>	1	7	7
2. <i>Academy of Management Review</i>	0	1	0
3. <i>Administrative Science Quarterly</i>	3	4	1
4. <i>American Journal of Sociology</i>	4	8	3
5. <i>American Sociological Review</i>	2	8	5
6. <i>Asia Pacific Journal of Management</i>	22	21	24
7. <i>China Quarterly</i>	3	16	4
8. <i>Human Relations</i>	1	7	3
9. <i>Industrial and Labor Relations Review</i>	1	2	1
10. <i>Journal of Applied Psychology</i>	2	4	2
11. <i>Journal of Business Venturing</i>	2	6	4
12. <i>Journal of Cross-Cultural Psychology</i>	2	6	1
13. <i>Journal of International Business Studies</i>	6	21	19
14. <i>Journal of Management Studies</i>	2	5	7
15. <i>Management International Review</i>	6	12	8
16. <i>Management Science</i>	0	4	0
17. <i>Organization Science</i>	0	5	4
18. <i>Organization Studies</i>	10	12	5
19. <i>Organizational Behavior and Human Decision Processes</i>	0	5	0
20. <i>Strategic Management Journal</i>	0	5	6
Number of years in each period	8	8	3.5
Number of publications in each period	68	158	104
Average number of publications per year	8.5	19.75	30.57
Proportional increase per year over prior time period		2.32	1.55

these 104 articles are summarized in Table 2. Relative to the original 226 studies, there is a substantial interest in multinational corporations. In contrast, we observe less attention to issues of market transition and reform.

It is noteworthy that in these 104 studies scholars primarily utilize existing management theories—whose substance is based on studies of Western firms in developed economies—to explain or hypothesize about

the Chinese phenomena being investigated. At the macro level, arguments invoked include institutional, agency, resource-based, and stewardship theories, transaction cost economics, strategic choice versus environmental determinism, business system theory, cultural distance, and competitive versus cooperative dynamics. At the micro level, role theory, justice theory, and cultural diversity were used. Only two studies proposed new theories. Building on the resource-based theory of the firm, a geoeconomic theory was developed to explain how geographic differences influence economic development and management (Schlevogt 2001). A case study of an international joint venture produced an integrative political theory to explain how escalation of joint venture partners' political behavior explains the failure of joint ventures (Shenkar and Yan 2002). Given China's unique social, cultural, historical, and political mosaic, one might expect different structural or dynamic characteristics of firms when compared to organizations in developed Western economies. Should we be disappointed that scholars have applied largely existing paradigms to understand firm and individual behavior in the Chinese context?

In our literature review, we encounter another surprising fact. There is a lack of Chinese equivalents of *Academy of Management Journal*, *Administrative Science Quarterly*, *Academy of Management Review*, and *Organization Science*. The more-rigorous journals in China that publish organization-related studies are discipline based, including two economics journals: *Economic Research* and the *China Industrial Economy*; two psychology journals: *Acta Psychologica Sinica* and the *Journal of Psychology*; and a single sociology journal: *Sociological Research*. Two new journals devoted exclusively to business management, *Management World* and the *Nankai Business Review*, focus primarily on firm strategies and entrepreneurship. There is a special section on human resource management in the *Nankai Business Review*, but the section contains primarily descriptive studies and introductions to Western concepts.

It appears that original theorizing on Chinese business organizations and management is still in a primitive stage, especially in the behavioral areas. Given the rapid development of businesses in China, research lags substantially behind practice, a gap somewhat equivalent to where research in the United States was 50 years ago. However, the increase in the number of Chinese context articles in the leading U.S. academic journals such as the *Academy of Management Journal*, *Journal of International Business Studies*, *Strategic Management Journal*, and *Organization Science*, is a clear signal that reviewers and editors recognize China as a legitimate empirical context, important for filling gaps in the global management knowledge base.

Table 2 Themes in Recent Articles on Chinese Management and Organizations, Published Between January 2000 and June 2003

Research Topics	Li and Tsui (2002)		
	# (%) of 36 Most-Cited Studies on PRC Firms	# (%) of 226 Studies in Greater China	Current Paper # (%) of 104 Studies
1. Chinese culture, behavior, values, relations (guanxi), trust, commitment	3 (8)	43 (19)	12 (12)
2. Crosscultural analysis (values, justice perceptions, trust, conflict, adjustment, negotiation, learning, etc.)	8 (22)	29 (13)	9 (9)
3. Comparative analysis (employment relations, managerial performance, pace of change)	0 (0)	28 (12)	5 (5)
4. Firm strategy and growth (diversification, globalization)	2 (6)	16 (7)	6 (6)
5. HRM, mobility, stratification, income, careers	8 (22)	19 (8)	13 (13)
6. Multinational corporations in China (joint venture control, entry mode, resourcing, learning, government relations, performance, etc.)	3 (8)	23 (10)	40 (38)
7. Organizational structure and change (including financing, contracts, governance, etc.)	3 (8)	20 (9)	4 (4)
8. Private sector firms (new ventures, township village enterprises, innovation, financing, efficiency)	3 (8)	10 (4)	9 (9)
9. Market transition and reform	6 (17)	19 (8)	3 (3)
10. Research methods and others	0 (0)	19 (8)	3 (3)
Total	36 (99)	226 (99)	104 (100)

Special Issue Papers on Corporate Transformation in the People's Republic of China

Among the purposes of this special issue on corporate transformation in the People's Republic of China are to provide a contemporary rendering of such research and to demonstrate the variety of managerial research and theorizing that is possible in the PRC. The nine original papers presented in this special issue were selected through the usual, double-blind peer review process at *Organization Science*. In addition to double-blind reviews, authors also benefited from feedback and discussion with invited scholars at a conference in Beijing in July of 2002, cosponsored by Peking University's Guanghua School of Management, The Hong Kong University of Science and Technology, The Chinese University of Hong Kong, and *Organization Science*.

Papers submitted in response to the open call for papers produced a rich mix of scholarship. The papers accepted for this special issue cover three general themes. The first set of papers addresses interfirm relationships in the emerging economy. The second set of papers reveals how economic reform in China has affected opportunity structures and social processes. The third set discusses research on how economic reform has affected individuals and their behavior within organizations in China.

This issue's lead article is "Capital Structure in Transition: The Transformation of Financial Strategies in China's Emerging Economy," by Lisa A. Keister (2004). The paper draws from institutional and resource dependence theories to understand how firms' financial strategies have evolved in the first decade of reform. Until

reform, Chinese firms were state owned, retained earnings were considered state assets, and the state redistributed funds from profitable firms to less-profitable firms. This guaranteed survival of the least-profitable firms, and profitable firms began hoarding resources and bargaining for favorable treatment. With reform, financial support from the state was dramatically reduced and firms were required to seek financing from alternate sources. Supported by data from 769 formerly state-owned Chinese firms, the author shows how changes in the institutional context shaped strategic decision making regarding corporate borrowing.

The second article, by Bat Batjargal and Mannie (Manhong) Liu (2004), investigates investment decision making in the new Chinese private equity industry. In the 16 years between 1986 and 2002, the Chinese venture capital industry has grown from a single firm to 325 investment firms; its pool of available capital reached US\$7.15 billion in 2002. However, the institutional context in support of private equity investing is in its infancy, and China's legal structure and regulation of financial organizations creates risk and uncertainty for venture capital firms. In China, the state may simultaneously play the roles of shareholder, investor, fund manager, and auditor of venture capital firms. Therefore the boundaries among ownership, governance, and regulation of the venture capital industry are blurred. These institutional constraints create high uncertainty for venture capital firms, and investment decisions are likely to be influenced by factors other than rational attributes of the deals in question. Relying on data on 158 venture capital investment decisions, the authors found that venture capitalists apply relatively universalistic investment

criteria in particularistic ways, using social relationships to mitigate social uncertainty and financial risk.

The third article, by Michael A. Hitt, David Ahlstrom, M. Tina Dacin, Edward Levitas, and Lilia Svobodina (2004), “The Institutional Effects on Strategic Alliance Partner Selection in Transition Economies: China vs. Russia” is a comparative crossnational study. The authors argue that, as far as transitional economies are concerned, the Russian institutional context has presented substantially greater discontinuities and turbulence for strategic decision making in economic organizations than China’s institutional context. In contrast to Russia, the context in China has been characterized by a highly controlled central government slowly implementing change over vast areas at a deliberate pace, without loss of political control. Their study of alliance partner selection criteria among firms domiciled in emerging and transitional economies found that Russia’s decentralized political control, substantially reduced centralization of resources, and low power over policy conformance produced short-term decision making among Russian firms. Partner selection decisions in Russia were based on immediate access to financial capital and complementary assets. In contrast, Chinese managers took a longer-term view, focusing on the partner’s intangible assets and technical and managerial capabilities.

The second group of papers leads with Wei Zhao and Xueguang Zhou’s “Chinese Organizations in Transition: Changing Promotion Patterns in the Reform Era” (2004). Zhao and Zhou have conducted a comparative study of promotion patterns before the reform era (1949–1979) and during the reform era (1980–1994). Despite major changes in the Chinese government’s management of the economy toward less centralization and greater autonomy for firms, the authors provide evidence that the state’s influence on internal organizational actions is still extensive. To compare internal organizational process before and after economic reform, the authors draw on data from a random sample of approximately 3,400 working-age urban residents in 14 Chinese cities in 6 provinces. Two career lines were studied: The administrative line is political and responsible for implementing state policies and administrative directives, whereas the professional and technical career lines are confined to the management of technical and production processes in Chinese organizations. The results indicate significant changes in the criteria and opportunities for promotion in Chinese organizations. Postreform, more-highly educated, and recently recruited managers had the highest probability of being promoted, as expected. While slightly less prominent as a promotional criterion, party membership is still important in the postreform era. For example, workers recruited during the Cultural Revolution (1966–1979) could be expected to hold views consistent with the radical policies of the Maoist leaders; however, these are contrary to the new reform policies. As expected, the Cultural Revolution cohort had

the lowest promotion rate postreform. The reader cannot help but notice that while earlier institutional arguments emphasize only symbolic or token organizational compliance to external field pressures (Meyer and Rowan 1977), the Chinese case shows a vivid and substantive effect of the institutional environment playing a critical role in determining internal promotions in organizations. There appear to be no affirmative action officers in Chinese organizations to demonstrate symbolic compliance with institutional pressures for change.

Chao C. Chen, Ya-Ru Chen, and Katherine Xin’s (2004) paper “Guanxi Practices and Trust in Management: A Procedural Justice Perspective” reports the results of two studies, one a survey and the other an experiment. With the survey data, the authors show that there is an inverse relation between managers’ perceived reliance on guanxi practices in human resource management decisions (made on the basis of personal relationships), and employees’ trust in management, holding constant age, gender, and firm ownership type. The experiment, however, helped unpack guanxi practices to take into account the basis for the favored treatment. If the managerial guanxi was based on nepotism or favored a person from the manager’s home town, employees were less trusting. However if the manager’s guanxi favored a college schoolmate or a close friend, employees’ trust was not affected. The authors account for this difference by suggesting the legitimacy of favoring the highly educated employees even if they were the manager’s classmate. This finding and its explanation provide an interesting corollary to Zhao and Zhou’s study, which shows that among the most likely persons to be promoted in postreform-era organizations in China are those that are more highly educated.

The third paper in this group “Generation Cohorts and Personal Values: A Comparison of China and the United States,” by Carolyn P. Egri and David A. Ralston (2004), reports on a crosscultural investigation of the values orientation of generational cohorts of managers and professionals in China and the United States. Three questions are posed: (1) Given the major changes in the social and economic history of China, have personal values changed over the generations? (2) Are there personal value changes in the United States in the corresponding periods? and (3) To what extent have personal values converged between the two countries as a result of modernization and the transformation of Chinese work organizations in recent years? The authors find that the social reform cohort, born between 1971 and 1975, valued openness to change more highly than that cohort’s predecessor Chinese generations (republican, born 1930–1950; communist consolidation, born 1951–1960; and Cultural Revolution, born 1961–1970) after controlling for individual and organizational differences. Carefully eliminating age cohorts that overlapped generations, the

U.S. sample contains three generations: the silent generation (born 1925–1940), the baby-boom generation (born 1946–1959), and generation X (born 1965–1979). The authors found, ranked from oldest to youngest, that the three U.S. generations attributed significantly greater importance to openness-to-change values than their predecessor generation, respectively. Comparing crossculturally, the least-similar value orientations were between Chinese and U.S. generations that had grown up during Communist China's closed-door policies. These results provide evidence for the success of China's former leaders' policies aimed to eliminate external influences in China and to control the outflow of information on China.

The last group of papers in this special issue addresses how economic reform has affected individuals and their behavior within organizations in China. The first paper in this section is "Rewards-Allocation Preferences of Chinese Employees in the New Millennium: The Effects of Ownership Reform, Collectivism, and Goal Priority" by Wei He, Chao C. Chen, and Lihua Zhang (2004). To understand this study, the reader requires knowledge of the vocabulary and definitions of organizations in China. *State-owned enterprises* are industrial organizations owned solely by the Chinese government, which traditionally have been under tight managerial and professional control of the state. Starting in 1992 with a new phase of enterprise reform, the Chinese government addressed the politically sensitive issue of property rights and ownership of the firms. Free-standing state-owned enterprises were merged into relevant group companies, and continued to be owned solely by the state. Now referred to as *state-owned holding companies*, these organizational entities were allowed to select a subcomponent (subsidiary) from its larger group of organizations in which shares could be sold to individual and institutional investors on both domestic and international stock markets. These subsidiaries are subsequently referred to as *privatized public state-owned enterprises*. The issuing of stock and diversification of ownership are referred to as *restructuring*, and it constitutes the partial privatization of state-owned industrial organizations. The paper by He, Chen, and Zhang is a study of employee preferences in two subsidiaries from each of four large state-owned holding companies, one subsidiary of which is a privatized public state-owned firm in the sense that stock is held by outsiders as well as the Chinese government. The second subsidiary is held completely in state ownership through the holding company. Therefore, this is a comparative study of employees of four matched pairs of subsidiaries, four subsidiaries of which are privatized public and four of which are wholly state owned. Approached from the distributive justice literature, the authors find significant differences in employee preferences for how rewards are allocated. For example, in the firms with the greatest degree of ownership reform

(as measured by percent of public shareholders) employees prefer reward allocations that heighten status differences among employees and that reward a productivity goal orientation (differential preferences). They also find that employees in subsidiaries with greater degrees of public ownership have a lower preference for rewards allocated on the traditional socialist value of equalitarianism. These findings can be attributed to the power of organizational ownership to influence employee behavior.

Chun Hui, Cynthia Lee, and Denise M. Rousseau's (2004) paper "Employment Relationships in China: Do Workers Relate to the Organization or to People?" reports the results of a study of Chinese workers' commitment to the organization and the extent of their citizenship behavior. However this is a study with a difference. As the authors explain, the Chinese social structure can be traced to five fundamental relationships emphasized in Confucianism (*wu lun*), all of which prescribe hierarchical role relationships between individual actors and others (i.e., emperor-subject, father-son, husband-wife, elder-younger, and friend-friend); the others are specifically not the government or a political institution, or even a work organization. Thus traditional Chinese approach organizations by focusing on interpersonal relationships with their superiors and not with the organization, per se. Using data from a randomly selected universe—a matched set of 605 employees and their immediate supervisors in a Chinese steel conglomerate—the authors study citizenship behavior and organizational commitment. The authors find that the greater the organizational support, the more Chinese workers became affectively committed to the organization, just as Westerners do. However, they respond to interpersonally based high-quality relationships with their superiors more strongly than Westerners have been reported to respond. The authors conclude that organizational citizenship behavior and affective commitment can be construed as a form of reciprocity to a specific person, the supervisor, rather than to the Chinese work organization. Perceived organizational support does not activate Chinese employees' citizenship behaviors, whereas personal relationships with supervisors do. This paper has implications for theories about the relationships between employees and their work organizations. It appears that Western-based theories of employee behavior do not sufficiently capture cross-cultural nuances.

In a complementary paper "Organizational Citizenship Behavior in the People's Republic of China," Jiing-Lih Farh, Chen-Bo Zhong, and Dennis W. Organ (2004) conduct an inductive study. In this study of employees and managers in organizations under a variety of ownership arrangements (i.e., collective, state owned, foreign invested, and private), the authors collected data on more than 700 instances of organizational

citizenship behavior. They content-analyzed these into dimensions not present in the Western literature, or in commonly accepted and current dimensions in the Western literature. The analysis revealed five new dimensions of citizenship behavior among Chinese employees in Chinese work organizations: self-training, social welfare participation and community service, protecting and saving company resources, keeping the workplace clean, and actions aimed to preserve or facilitate interpersonal harmony. To assess the extent of organizational ownership on behavior, they find that employees in state-owned enterprises report greater social welfare participation and less internal efficiency-oriented behaviors than those in non-state-owned enterprises. They also find that employees from non-state-owned organizations report more incidents of protecting and saving company resources than those in state-owned organizations.

Among well-accepted behaviors of employees in Western organizations is helping coworkers, and yet in China this includes helping coworkers outside of work as well as inside the organization. In the 1990s, organization-provided social welfare benefits in China eroded substantially—in healthcare, childcare, employee assistance, and employment security. Because Chinese employees help coworkers cope with personal crises outside the organization, the organization benefits by appearing to continue to meet employee needs through the coworkers. Helping coworkers with non-work-related crises also reflects a cultural tendency in China to mix private and public spheres of life. An especially strong feature of this study is its inductive methods, which revealed non-Western behaviors in China. The authors suggest that the behavior, promoting interpersonal harmony, is not present in the Western literature and should be investigated further, along with its contribution to organizational effectiveness in different cultures.

Collectively, these nine papers illustrate the power of institutional environments to significantly influence employee behavior, organizational and managerial decision making during periods of instability, ownership reform, and changes in national economic policies. This is in contrast to prevailing conceptions of neoinstitutional theory, where the institutional environment has been found to exert a limited influence on work organizations, perhaps altering the organization's structure, for example—but certainly not directly influencing widespread employee behavior. They also indicate a continuing impact of the political culture on behavior in organizations—perhaps not entirely a surprise in China. For example, social welfare participation among employees of state-owned organizations may be unique to the People's Republic of China, and it may be a holdover from the communist system of government. In each paper we find evidence that the institutional environment has affected processes, behavior, and outcomes at multiple levels of analyses in work organizations in China.

To this point we have described contemporary conditions in the People's Republic of China, reviewed the existing literature on management in Chinese organizations, and described the contributions the papers in this special issue make. In the next section we sketch a research agenda derived from knowledge of the scholarship that exists with respect to organizational transformation in China and its challenges for future research.

The Road Forward

The road forward is poorly charted and strewn with potholes. There is a substantial risk that research on Chinese management will flounder, not for a lack of researchers or of Chinese firms to be studied but, rather, due to a peculiar interaction of researchers and firms that might ultimately stifle learning. The interaction takes the following form: Management researchers bring management theories, whose origins are mainly Western, to bear on Chinese firms, and Chinese firms, in turn, display enough surface similarities to Western firms to allow Western theories to be tested and perhaps amended but rarely upended. Keister (1998), for example, treats Chinese group corporations as business groups composed of quasiautonomous firms linked by common ownership to test propositions about the impact of network ties on performance. In fact, Chinese group corporations are far more heterogeneous than business groups typically studied by Western scholars. Some group corporations are large, integrated firms; some are sprawling conglomerates; in China some are forced marriages of profitable and unprofitable firms; and some exist mainly to realize policy benefits accruing to firms registered as groups. Networks of family-controlled businesses closely resembling business groups studied by Western scholars do exist in China. However, these networks are not group corporations, and they are rarely accessible to researchers because ownership of individual firms is obscure and families move assets from business to business very rapidly. Especially worrisome at this juncture is that young Chinese scholars who are strongly encouraged to publish in top Western journals will force Western management theories to fit Chinese firms rather than searching for new concepts and theories that seek to explain differences in management between the Western and Chinese contexts.

How can we avert this outcome? One possibility is to recall how knowledge of Japanese management emerged in the late 1970s and 1980s. At that time, Japanese manufacturing was the envy of the world, and scholars flocked to Japan in search of new theories to explain the effectiveness of Japanese management methods. Most of these theories did not stand the test of time but some did, in particular the concept of lean production as superior to mass production methods that had been in place in the West since Henry Ford invented the assembly line

(Womack et al. 1990). Today, Chinese manufacturing is a serious threat to Western economic vitality due to China's vast pool of cheap, disciplined labor and, perhaps, an undervalued currency. Management scholars need to ask a series of questions: Does Chinese manufacturing thrive only when coupled with Western management systems backed by Western investment, or do indigenous management systems perform just as well? If so, what are the characteristics of indigenous systems? Which elements of Western management have Chinese firms absorbed and which have been rejected? What accounts for the capacity (or the incapacity) of Chinese firms to absorb Western management methods and to develop knowledge of global markets? Answers to questions such as these will not come easily because they will require a deep understanding of the Chinese context as well as of Chinese firms.

The understanding of any context new to a scholar or a field requires direct observation as well as historical and, perhaps, anthropological knowledge. Local insiders can be tapped as expert informants to help traverse the new empirical terrain. Collaboration with Chinese scholars can provide at least some of the required insider knowledge, which in turn may speed the newcomers' learning process about the empirical context. Answers to the questions posed above may require combining knowledge gained through meticulous case studies with large-scale quantitative research. Explaining the capacity of Chinese firms and the Chinese system as a whole to learn and adapt to changes will likely require prepilot research before large-scale studies are undertaken. In any case, intensive knowledge of the organizational context will be necessary to ferret out the facts of Chinese firms. Thus, knowledge will be developed through a combination of fine-grained and coarse-grained research.

Ultimately, researchers must balance exploration with exploitation of the Chinese context (March 1991). Exploitation is tempting: Researchers armed with Western frameworks and methods can readily conduct research in China and publish their results in Western journals. But will exploitation alone increase knowledge? Exploration is arduous, even hazardous because there are many dead ends. However, surely a combination of exploration and exploitation will contribute more to knowledge. Combining exploration and exploitation can be posed somewhat differently, but with the same effect. As Whetten (2002, p. 31) writes, "Scholarship in our field should continuously assess the scope of our knowledge claims, by both *contextualizing general knowledge* and *generalizing contextual knowledge*." Merely replicating existing knowledge, even in the fascinating Chinese context, accomplishes neither.

The articles in this special issue of *Organization Science* will introduce organizational scholars to management in the Chinese context and motivate them to think deeply about China as an empirical context.

Combining existing theories of organizations with deep knowledge of the context will contextualize our general knowledge and allow us to generalize from the Chinese context.

Acknowledgments

This special issue and the related conference benefited from the grants on China business and management from The Hong Kong University of Science and Technology and The Chinese University of Hong Kong. In addition, Winnie Wu, Rosanna Lo, Liqun Wei, and Chunyan Jiang's research assistance, and Ann Clark's overall management of the special issue review process are greatly appreciated.

Endnotes

¹In China, business organizations are referred to as enterprises.

²We used the exchange rate of 8 Renminbi (RMB) to US\$1. There was no foreign exchange in 1978, and the rate has fluctuated around eight RMB in recent years.

³High rates of growth invariably lead to concerns about overproduction, falling prices, and the attention of the business press. For example see *Business Week's* cover story "China: Is This Boom in Danger?" (Roberts and Balfour 2003, pp. 48–50), which references a Morgan Stanley analyst's report (Xie 2003), titled "China Economics: Sharp Slowdown Ahead." Steep declines in property and metal prices were predicted, and "capacity is rising rapidly but margins are decreasing." China's own National Development and Reform Commission accused local cadres of overspending on new plans and roads—anything to earn accolades from Beijing. *Business Week* interpreted this as a government warning, that "GDP growth is actually used as a way to evaluate local officials, and that [it] motivates unreasonable investments."

References

- Abrahamson, E. 1996. Management fashion. *Acad. Management Rev.* **21** 254–285.
- Batjargal, B., M. Liu. 2004. Entrepreneurs' access to private equity in China: The role of social capital. *Organ. Sci.* **15**(2) 159–172.
- Beijing Youth Post*. November 28, 2001. www.bjyouth.com.
- Boisot, M., J. Child. 1988. The iron law of fiefs: Bureaucratic failure and the problem of governance in the Chinese economic reforms. *Admin. Sci. Quart.* **33** 507–527.
- Boisot, M., J. Child. 1996. From fiefs to clans and network capitalism: Explaining China's emerging economic order. *Admin. Sci. Quart.* **41** 600–628.
- Boyacigiller, N., N. Adler. 1991. The parochial dinosaur: The organizational sciences in a global context. *Acad. Management Rev.* **16** 262–291.
- Chandler, A. D. 1978. *The Visible Hand: The Managerial Revolution in American Business*. Harvard University Press, Cambridge, MA.
- Chang, G. 2001. *Coming Collapse of China*. Random House, New York.
- Chen, X. H., C. M. Lau. 2000. Enterprise reform: A focus on state-owned enterprises. C. M. Lau, J. Shen, eds. *China Review 2000*. Chinese University Press, Hong Kong, China, 191–208.
- Chen, K., K. Leggett. 2002. Will China's bid to curb corruption be enough? *Wall Street J.* (October 18, Eastern edition) A8.

- Chen, C. C., Y.-R. Chen, K. Xin. 2004. Guanxi practices and trust in management: A procedural justice perspective. *Organ. Sci.* **15**(2) 200–209.
- Child, J. 1994. *Management in China During the Age of Reform*. Cambridge University Press, Cambridge, U.K.
- Child, J., Y. Lu, eds. 1996. *Management Issues for China in the 1990s—International Enterprises*. Routledge, London, U.K.
- Child, J., L. Markoczy. 1993. Host-country managerial behavior and learning in Chinese and Hungarian joint ventures. *J. Management Stud.* **30** 611–631.
- China Statistical Yearbook. 2002. <http://www.stats.gov.cn/tjsj/ndsj/index.htm>.
- Dickie, M. 2003. Carlsberg to take second look at China. *The Financial Times* (July 9) 29.
- Economist*. 2001. Special: Enter the dragon. (March 10) 23–25.
- Economist*. 2003. Scandal in Shanghai. (August 16) **368**(8337) 60.
- Egri, C., D. Ralston. 2004. Generation cohorts and personal values: A comparison of China and the United States. *Organ. Sci.* **15**(2) 210–220.
- Entwisle, B., G. E. Henderson, S. E. Short, J. Bouma, F. Zhai. 1995. Gender and family businesses in rural China. *Amer. Sociological Rev.* **60** 36–57.
- Farh, J.-L., C.-B. Zhong, D. W. Organ. 2004. Organizational citizenship behavior in the People's Republic of China. *Organ. Sci.* **15**(2) 241–253.
- Gold, T., D. T. Guthrie, D. Wank. 2003. *Social Connections in China: Institutions, Culture and the Changing Nature of Guanxi*. Cambridge University Press, Cambridge, U.K.
- Granick, D. 1990. *Chinese State Enterprises: A Regional Property Rights Analysis*. University of Chicago Press, Chicago, IL.
- Guthrie, D. 1997. Between markets and politics: Organizational responses to reform in China. *Amer. J. Sociology* **102** 1258–1304.
- Guthrie, D. 1999. *Dragon in a Three-Piece Suit: The Emergence of Capitalism in China*. Princeton University Press, Princeton, NJ.
- Hall, R. H., W. Xu. 1990. Run silent, run deep—Cultural influences on organizations in the Far East. *Organ. Stud.* **11** 569–576.
- He, W., C. C. Chen, L. Zhang. 2004. Rewards-allocation preferences of Chinese employees in the new millennium: The effects of ownership reform, collectivism, and goal priority. *Organ. Sci.* **15**(2) 221–231.
- Hitt, M. A., D. Ahlstrom, M. T. Dacin, E. Levitas, L. Svobodina. 2004. The institutional effects on strategic alliance partner selection in transition economies: China versus Russia. *Organ. Sci.* **15**(2) 173–185.
- Hoogewerf, R. 2002. Who me, rich? *Forbes* **170**(10) 47.
- Huang, Y. 2002. *Selling China: Foreign Investment During the Reform Era*. Cambridge University Press, Cambridge, U.K., and New York.
- Hui, C., C. Lee, D. M. Rousseau. 2004. Employment relationships in China: Do workers relate to the organization or to people? *Organ. Sci.* **15**(2) 232–240.
- Keister, L. A. 1998. Engineering growth: Business group structure and firm performance in China's transition economy. *Amer. J. Sociology* **104** 404–440.
- Keister, L. A. 2004. Capital structure in transition: The transformation of financial strategies in China's emerging economy. *Organ. Sci.* **15**(2) 145–158.
- Li, J. T., A. S. Tsui. 2002. A citation analysis of management and organization research in the Chinese context: 1984 to 1999. *Asia Pacific J. Management* **19** 87–107.
- Li, J. T., A. S. Tsui, E. Weldon. 2000. *Management and Organizations in the Chinese Context*. MacMillan Press, London, U.K.
- Lin, N., Y. Bian. 1991. Getting ahead in urban China. *Amer. J. Sociology* **97** 657–688.
- Lin, N., W. Xie. 1988. Occupational prestige in urban China. *Amer. J. Sociology* **93** 793–832.
- Lin, J. Y., W. Cai, Z. Li. 2001. *State-Owned Enterprise Reform in China*. Chinese University Press, Hong Kong, China.
- Liu, Y. L. 1992. Reform from below: The private economy and local politics in the rural industrialization of Wenzhou. *China Quart.* **130** 293–316.
- Lockett, M. 1988. Culture and problems in Chinese management. *Organ. Stud.* **9** 475–496.
- Luo, Y. 1995. Business strategy, market structure, and performance of international joint ventures: The case of joint ventures in China. *Management Internat. Rev.* **35** 241–264.
- Luo, Y. 2000. *Guanxi and Business*. World Scientific, New York.
- March, J. G. 1991. Exploitation and exploration in organizational learning. *Organ. Sci.* **2**(1) 71–87.
- Meyer, J. W., B. Rowan. 1977. Institutionalized organizations: Formal structure as myth and ceremony. *Amer. J. Sociology* **83** 340–363.
- Meyer, M. W., Y. Lu, H. Lan, X. Lu. 2002. Decentralized enterprise reform: Notes on the transformation of state-owned enterprises. A. S. Tsui, C. M. Lau, eds. *The Management of Enterprises in the People's Republic of China*. Kluwer Academic Publishers, Boston, MA, 241–274.
- Naughton, B. 1995. *Growing Out of the Plan: Chinese Economic Reform, 1978–1993*. Oxford University Press, New York.
- Nee, V. 1992. Organizational dynamics of market transition: Hybrid forms, property rights, and mixed economy in China. *Admin. Sci. Quart.* **37** 1–27.
- Overholt, W. 1994. *The Rise of China: How Economic Reform Is Creating a New Superpower*. W. W. Norton, New York.
- Parish, W. L., E. Michelson. 1996. Politics and markets: Dual transformations. *Amer. J. Sociology* **101** 1042–1059.
- Park, S. H., S. Li, D. K. Tse. 2003. Determinants of firm performance in a transition economy: Institutional vs. economic effects in China. Working paper, CEIBS.
- Ralston, D. A., D. J. Gustafson, F. M. Cheung, R. H. Terpstra. 1993. Differences in managerial values: A study of U.S., Hong Kong and PRC managers. *J. Internat. Bus. Stud.* **24** 249–275.
- Ralston, D. A., D. J. Gustafson, P. M. Elsass, F. M. Cheung, R. H. Terpstra. 1992. Eastern values: A comparison of managers in the United States, Hong Kong, and the People's Republic of China. *J. Appl. Psych.* **77** 664–671.
- Roberts, D., F. Balfour. 2003. China: Is this boom in danger? *Bus. Week* **3856** 48–50.
- Rui, M. J. 2000. *Strategic Choices of the Development of Chinese Enterprises*. Fudan University Press, Shanghai, China.
- Schlevogt, K. A. 2001. Institutional and organizational factors affecting effectiveness: Geoeconomic comparison between Shanghai and Beijing. *Asia Pacific J. Management* **18** 519–551.

- Shenkar, O., S. Ronen. 1987. Structure and importance of work goals among managers in the People's Republic of China. *Acad. Management J.* **30** 564–576.
- Shenkar, O., A. Yan. 2002. Failure as a consequence of partner politics: Learning from the life and death of an international cooperative venture. *Human Relations* **55** 565–601.
- Spence, J. 1999. *The Chan's Great Continent: China in Western Minds*. W. W. Norton, New York.
- Studwell, J. 2003. *The China Dream: The Quest for the Last Great Untapped Market on Earth*. Grove Press, New York.
- Tsui, A. S., L. J. Farh. 1997. Where guanxi matters: Relational demography and guanxi in the Chinese context. *Work and Occupations* **24** 56–79.
- Tsui, A. S., C. M. Lau. 2002. Research on the management of enterprises in the People's Republic of China: Current status and future directions. A. S. Tsui, C. M. Lau, eds. *The Management of Enterprises in the People's Republic of China*. Kluwer Academic Publishers, Boston, MA, 1–27.
- Walder, A. G. 1989. Factory and manager in an era of reform. *China Quart.* **118** 242–264.
- Walder, A. G. 1992. Property rights and stratification in socialist redistributive economies. *Amer. Sociological Rev.* **57** 524–539.
- Walder, A. G. 1995a. Career mobility and the communist political order. *Amer. Sociological Rev.* **60** 309–328.
- Walder, A. G. 1995b. Local governments as industrial firms: An organizational analysis of China's transitional economy. *Amer. J. Sociology* **101** 263–301.
- Walder, A. G., ed. 1996. *China's Transitional Economy*. Oxford University Press, Oxford, U.K.
- Whetten, D. A. 2002. Constructing cross-context scholarly conversations. A. S. Tsui, C. M. Lau, eds. *The Management of Enterprises in the People's Republic of China*. Kluwer Academic Publishers, Boston, MA, 29–47.
- Wittfogel, K. A. 1957. *Oriental Despotism*. Yale University Press, New Haven, CT.
- Womack, J. P., D. T. Jones, D. Roos. 1990. *The Machine that Changed the World*. Rawson Associates, New York.
- World Bank. 2003. *World Bank Development Indicators 2003*. Washington, D.C.
- Wu, W. K., P. P. Fu, J. Liu. 2002. *Value-Based Leadership*. Economic Science Press, Beijing, China.
- Xie, A. 2003. *China Economics: Sharp Slowdown Ahead*. Morgan Stanley, New York (October).
- Xin, K. R., J. Pearce. 1996. Guanxi: Connections as substitutes for formal institutional support. *Acad. Management J.* **39** 1641–1658.
- Yan, A., B. Gray. 1994. Bargaining power, management control, and performance in United States–China joint ventures: A comparative case study. *Acad. Management J.* **37** 1478–1517.
- Young, S. 1995. *Private Business and Economic Reform in China*. M. E. Sharpe, Armonk, NY.
- Zhang, W. Y. 1999. *Enterprise Theory and Reform of Chinese Enterprises*. Peking University Press, Beijing, China.
- Zhao, W., X. Zhou. 2004. Chinese organizations in transition: Changing promotion patterns in the reform era. *Organ. Sci.* **15**(2) 186–199.
- Zhou, X., N. B. Tuma, P. Moen. 1997. Institutional change and job-shift patterns in urban China, 1949 to 1994. *Amer. Sociological Rev.* **62** 339–365.