Culture and Decision Making in Chinese Companies

A Case Study of W Company

By

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DECLARATION OF ORIGINALITY

I, XIA Qing, hereby certify that this thesis is my own original work. It has neither been used for any courses or exams nor been submitted for any diploma at any education institute. Any idea or information that is derived from the works by other authors has been acknowledged in the text and the list of references. This work has not been published.

XIA Qing
ABSTRACT

Nowadays, the rapid growth of the economy of China is attracting the scholars and managers worldwide to focus their attention on the management pattern in Chinese companies. Also, since its opening up to the world market in 1979, China has been making efforts in its enterprises' management pattern innovation and improvement. Therefore, it is essential to research on the management in Chinese companies.

As one of the major activities of management, decision making is an essential skill in the management pattern of a company. A lot of studies have explored the meaning and factors of decision making and amount of researches have been done on decision making in Chinese enterprises. The decision style model proposed by Rowe and Boulgarides (1983) describes the influences on decision making process by values and perceptions, suggesting that a decision maker is driven by four different forces, which refer respectively to directive, analytic, conceptual and behavioral. This study intends to analyze the decision making in current Chinese companies based on this model.

This study investigates the decision style applied in a Chinese company and the factors behind it. To do this, the researcher has carried out a case study on a pharmaceutical company, referred to W Company hereafter for reasons of confidentiality, in China. A self-administered questionnaire is used as the method to
collect primary data. Data has been gathered through emails from 18 managers and employees of different positions in W Company. The results are verified through comparison and evaluation.

The results show that the Chinese company emphasizes more on the analytic style and less on the directive style. This finding is different from a previous study by Martinsons (2001) that found Chinese companies adopting the directive style. The main reason behind such a change is thought to be the shift in Chinese cultural values from collectivism to individualism and the influence from Western management theories that is brought into China by globalization.

One limitation of the study is that the current study focused only on one company in the pharmaceutical sector which may not represent the dominant mode of decision making of Chinese companies. Despite this limitation, this study is significant in the sense that it is one of the first researches revealing the change of the decision making style applied in Chinese companies.

**Key words:** decision making, management, Chinese companies, decision style model, analytic style, directive style, collectivism, individualism, culture
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Chapter 1: INTRODUCTION

1.1 Background

Since the end of the Second World War, China has been making constant and significant progress and it is nowadays regarded as a competitor for developed countries in almost all the aspects. Particularly, the rise of economy in China is being paid high attention to by the academic circle and business community. According to the data from the International Monetary Fund (2013), the socialist market economy (Galvez 2012) of China has become the second largest economy worldwide in both nominal GDP and purchasing power parity, following the United States. And with the growth rates that average 10% during the recent more than 30 years (International Monetary Fund 2013), China is now among the fastest-growing major economies around the world (Central Intelligence Agency 2013).

Although Chinese economy had been under developed, stagnant and inefficient prior to the country's economic reform and trade liberalization, significant changes have taken place since the country got out of its economically isolated situation and opened up to foreign trade and investment in 1979 (Morrison 2014). As the Chinese market has been continuously progressing and trying to absorb economical benefits, it is seen that China today is a major global economic and trade power (Morrison 2012).

In recent years, continuously changing trends and economic crisis has led to questioning the manner in which business is done. Therefore, with its economy rising, China has started to have the management patterns in its enterprises become a warmly
discussed focus that catches the attention from scholars and managers worldwide (Fan, Huang & Guo 2008). There is an argument that the management approach developed in China may "prove influential throughout the world" (Roland Berger Strategy Consultants 2010). In fact since the economic reforms and the country opening up to foreign trade and investment, companies in China have been carrying out management pattern innovations, particularly in the way of combining the traditional Chinese culture with western management theories (Fan, Huang & Guo 2008). In bookstores of China, books on management pattern innovation and improvement such as Taiji Management (Gui 2006), Water Boiling the Three Countries (Cheng 2003), and Learning the Management from the People's Liberation Army (Zhang 2007), are always found. Thus, it is true that a lot is needed to be researched about the management in Chinese companies.

This study looks at management in Chinese companies with a focus on the decision making in the companies. The characteristics of management in current Chinese companies are found out and the reasons behind such features are discussed. A case study on W Company, which is a Chinese pharmaceutical company, is applied in this study.

1.2 Purpose of the Study and Research Questions

The study is aimed at two goals. One is to find out what are the features of modern Chinese companies' management. The other goal is to conclude the factors that have shaped such management.
With the globalization of world economy, the differences among management patterns of companies in different countries are becoming increasingly more concerned. Hofstede (cited in Wren 1995, p264) pointed out that "there is something in all countries called 'management', but its meaning differs to a larger or smaller extent from one country to another".

The study attempts to discuss the factors resulting in Chinese companies' management patterns from the perspectives of culture and current environment.

Culture is a crucial factor of the management pattern in companies of a country. According to Weber (cited in Cateora, Gilly & Graham 2009, p128), "culture, including all its elements, profoundly affects management style and overall business systems". In daily business life, the language, behavior, idea, way of thinking, decision making practices and other elements in a company are largely decided and influenced by the country's culture. And with a long history, China has a deeply-rooted culture which influences all the aspects in the nation, including the firms' management. Thus, the cultural background of China has to be taken into serious consideration when the management pattern of Chinese firms is studied.

And the current environment of China can also be seen as an important element, including all the aspects such as politics, society and economics. With a long history filled with changes, an immense population, and the Chinese economic reforms in the late 1970s, various conflicts and problems exist in China nowadays. The typical issues
are regional imbalances, aging of population, employment problem, and social unrest and so on. With all these specific factors of the environment in China, the management pattern of Chinese firms has its own characteristics which make it different from the management in other countries' enterprises.

As a central activity of management, decision making plays a crucial part in any organization. Good decision making is essentially required for a leader. Therefore, this study researches on management pattern of Chinese companies with a focus on decision making in a company.

The research questions which the study is to answer are as the followings.

1. What is decision making style in a Chinese company?
2. How does culture influence decision making in a Chinese company?

1.3 Structure of the Study

The study consists of five chapters including this introduction, in which the background, research topic, purpose of the study and research questions is introduced.

The following section, Chapter 2, is literature review. In this chapter, the definition and factors of decision making are firstly presented. The researches on decision making in Chinese corporations and culture in China are reviewed, in order to build the theoretical background of the research.

Chapter 3 is the chapter of methodology. As a case study on a Chinese pharmaceutical
company, W Company, is used in this study, the situation of pharmaceutical industry in China and the profile of W Company is presented in this section. Research design, philosophy and data collection method is also described.

In Chapter 4, the findings of the study are presented and discussed.

Finally, Chapter 5 presents the conclusion, implications and research limitations as well as suggestions for future researches.

**Chapter 2: LITERATURE REVIEW**

In order to find out the answers to the research questions of the study, it is essential to understand the meaning and factors of decision making, review on the studies on decision making in Chinese corporations, and know about the culture in China. This chapter explores the following topics.

1. Researches on decision making: definition and factors of decision making
2. Researches on decision making in Chinese corporations
3. Culture in China

**2.1 Researches on Decision Making**

**2.1.1 Definition of Decision Making**
In general, decision making is regarded as "the cognitive process resulting in the selection of a course of action among several alternative scenarios" that "produces a final choice", the output of which can be either “an action or an opinion of choice” (Reason, cited in Quarmal et al 2012, p14).

Several perspectives are involved in the study on human performance in decision terms. Psychologically, decisions should be examined “in the context of a set of needs, preferences an individual has and values” (Kahneman & Tversky, cited in Meyerhofer 2009, p18); cognitively, the decision making process is seen as "a continuous process integrated in the interaction with the environment" (Kahneman & Tversky, cited in Cisek 2006, p9761); and normatively, the analysis of any individual decision is related to “the logic of decision making and rationality” and “the invariant choice it leads to” (Kahneman & Tversky, cited in Meyerhofer 2009, p18). As a problem solving activity taking place when there is a satisfactory solution, decision making is regarded as a reasoning process that can be either rational or irrational, encompassing the notion of maximizing benefits and minimizing costs (Schacter, Gilbert & Wegner 2010).

Normally, ideal decision maker is thought to be rational and able to make "consistent, value-maximizing choices” within constraints that are specified (Robbins & Judge 2012, p175). As to make a perfectly rational decision, a decision maker is assumed to be with complete information, the ability to "identify all the relevant options in an
unbiased manner", and the choice of the most highly utilized option (Robbins & Judge 2012, p175). A rational decision-making process involves “definition of the problem”, “identification of the decision criteria”, “allocation of weights to the criteria”, and “development, evaluation, and selection of the alternatives” (Volker 2010, p248).

However, due to human beings' limited capability in information-processing (Larichev 1985) and unavoidable systematic biases and errors (Robbins 2004), it is difficult to make a totally rational decision. As is pointed out by Bazerman (cited in Robbins & Judge 2012, p175), "most significant decisions are made by judgment, rather than by a defined prescriptive model". And people tend to be unaware when they are making decisions which are suboptimal (Russo, Carlson & Meloy 2006).

As a basic activity carried out by managers, decision making is perceived as "the essence of the manager's job" and "a critical element of organizational life" (Robbins, cited in Martinsons 2001, p1). Moreover, as is suggested by Simon (cited in Martinsons 2001, p1), decision making is “synonymous” with the behavior of managing. Meanwhile, Robbins and Judge (2012) mentioned that organizations are capable to constrain decision makers as well as create deviations from the rational decision-making process. Related instances of influential factors provided by Robbins and Judge (2012, p186) include the organization's "performance evaluation", "reward systems", "formal regulations", "system-imposed time constraints", and "historical
precedents". And "ethical considerations" are noted as a significant criterion in organizational decision making (Adler & Gundersen 2007, p216).

2.1.2 Factors behind Decision Making

The decision making process depends on various factors, such as "the context in which a decision is made, the decision maker's way of perceiving and understanding cues, and what the decision maker values or judges as important" (Rowe & Boulgarides, cited in Martinsons & Davison 2007, p285). Martinsons (2001, p1) identified the two most significant influences as "values" and "cognitive perception", arguing that both elements "affect how a decision maker interprets and responds to particular stimuli and conditions". One instance is that responses tend to be comparatively more urgent and comprehensive under threats than they are under opportunities (Dutton, cited in Martinsons 2001, p1).

Values are the ideas regarding what is good, what is bad, what is right and what is wrong (Deresky 2003), and determine how an individual responds in a given circumstance (Hofstede 1997). As a necessary element in thoughts and actions, values are said to play a role in several aspects, including the evaluation of problems and potential solutions, the processes of making choice, the development of relationships among people, the limits of ethical behavior, and the response to the pressure from the outside (Martinsons 2001). A significant study on values is the research by Hofstede
(1980), which studied the IBM employees’ values about work in more than 60 countries and discovered big variations due to differences in perspectives such as national background, societal culture, professional role, age, and gender.

Another major factor influencing decision making is cognitive perception, which refers to one's “frame of reference” and “subjective interpretation of situations” (Martinsons 2001, p2). Variations of cognitive perception are caused by judgment biases occurring during information management and are thought to determine people's responses to specific stimuli in turn (Martinsons 2001). Obvious differences are found in cognitive perceptions across countries and continents. For example, the result of a survey carried out by Nagashima (cited in Martinsons 2001, p2) in 1993 showed that Japanese citizens perceived Western thinking as vastly different from their own mindsets, as they described Western thinking as "objective, analytic, cerebral, and impersonal" against their self-perception of "subjective, synthetic, emotional, and personal thinking" (Nagashima, cited in Martinsons 2001, p2). And Martinsons (2001, p2) also mentioned the contradiction between the Western distinction of "the rational and the irrational" and the Japanese concept of "omoi" that seeks a balance between the two extremes.

Values and perceptions differ across countries and cultures. Therefore, the decision making in a certain country's companies has its own characteristics. And the understanding of national cultures is emphasized on because of its essentiality in
management research (Podrug 2011).

2.2 Researches on Decision Making in Chinese Corporations

2.2.1 Hofstede's(1980) Cultural Dimensions

Business culture in companies of different countries was studied in the research by Hofstede (1980). Between 1967 and 1973, 116,000 questionnaires were administered in 72 countries (Alkailani et al, cited in Khairullah & Khairullah 2013, p3), with all the employees from the international company of IBM as the subjects (Daller & Yildiz, cited in Khairullah & Khairullah 2013, p3).

Hofstede (1980, p45) classified business cultures into four primary dimensions, including the "Individualism/Collectivism Index", the "Power Distance Index", the "Uncertainty Avoidance Index", and the "Masculinity/Femininity Index". And a fifth dimension named the "Long-term/Short-term Orientation" was added afterwards (Hofstede & Bond 1988, p17). The meanings and descriptions of each of the five dimensions are as the following.

*Power distance* is defined as “the extent to which a society accepts the fact that power is distributed unequally” (Hofstede 1980, p45). The old are respected in a society with large power distance, where each individual has his/her position and status is
important as a sign of power (Alkailani et al, cited in Khairullah & Khairullah 2013, p3). But when power distance is small, people tend to try to look younger than their real age, and the powerful hide their status (De Mooij & Hofstede, cited in Khairullah & Khairullah 2013, p3).

*Individualism* refers to the loosely knit condition of a social framework where individuals are responsible only for looking after themselves and their small families, while *collectivism* implies a tight community where “in-groups” and “out-groups” (such as relatives, organizations, etc) are distinguished and individuals have an absolutely loyal feeling towards such an environment (Hofstede 1980, p45).

*Uncertainty avoidance* describes the degree to which people feel the threats from ambiguous factors and make efforts in avoiding such possible threats (Hofstede 1980). Such efforts can be setting up more rules, providing more stable jobs, avoiding deviant actions and thoughts and so on (Hofstede 1980).

*Masculinity* implies “the extent to which the dominant values in a society are ‘masculine’” (Khairullah & Khairullah 2013, p3). Members of a society with high masculinity tend to appear assertive, with a strong desire to acquire money and material stuff and little care for people and life (Khairullah & Khairullah 2013). Hofstede (1980, p46) described masculinity as “an assertive or competitive orientation of thinking and acting”. To the contrary, a society with high *femininity* is
characterized with caring for other people and emphasis on the life quality (Khairullah & Khairullah 2013).

*Long-term orientation* represents “the fostering of virtues oriented towards future rewards, and in perseverance and thrift” (Hofstede 2001, p359). *Short-term orientation* stands for “encouraging virtues related to the past and present, respect for tradition, preservation of face, and fulfilling social obligations” (Khairullah & Khairullah 2013, p3).

During a study on cultural values and decision-making in China, Hofstede's (1980) cultural dimensions model was followed, and information was collected from 22 senior managers working at Chinese multinational corporations (Khairullah & Khairullah 2013). The study's result proved that China is high on power distance, uncertainty avoidance, and long-term orientation while it is low on individualism and displays more feminine cultural traits (Khairullah & Khairullah 2013). The implications of such results concluded by the study's researchers are as below.

*High power distance* – The managers had their authority to make any decision in the organizations acknowledged by their employees (Khairullah & Khairullah 2013). The decision making in an organization was shown to be “a top-down process”, and the mindset of “following my leader” was found among the employees (Khairullah & Khairullah 2013, p7). It was not desirable for any employee to disagree on the
manager’s idea in public occasions; in the case that an employee had doubt about the manager’s thoughts, he/she would try to talk to the manager “on one-to-one basis” (Khairullah & Khairullah 2013, p7). Generally, it was not expected that a manager and an employee communicated with each other directly (Khairullah & Khairullah 2013).

**High collectivism** – The workers were found to be group oriented; the benefits brought about by a decision to all the group members as a whole instead of certain people only had to be seriously considered; as to implement the decisions made by them efficiently and effectively, managers were supposed to develop relationships with and thus get trusted by their employees; allowing the employees to be involved in the process of decision making was suggested to be one way to build such personal trust (Khairullah & Khairullah 2013).

**Long-term orientation** – Managers were likely to make decisions with long-term perspectives (Khairullah & Khairullah 2013).

**Femininity** – It was shown that managers were required to be well-mannered, which meant that they should be polite and not behave in an aggressive way in public; an appropriate physical distance was expected when a manager was talking with an employee (Khairullah & Khairullah 2013). Moreover, a male manager was supposed to avoid “touching female employees” or “making off-color jokes with them”
High uncertainty avoidance – Managers attempted to make relatively safer and less risky decisions; the improvement of the cooperation and the harmony within the group should be the goal that any decision was to achieve; as to ensure the decision possible to be implemented, a manager was expected to be direct when explaining the decision and its effects (Khairullah & Khairullah 2013). It was suggested that a manager could make use of quantitative models “at the optimization level”, yet when it came to “the basic decision levels”, “intuition, experience, and astrology” acted as crucial factors (Khairullah & Khairullah 2013, p8).

2.2.2 Study by Martinsons (2001)

Martinsons (2001) conducted a study on decision styles of US, Japanese and Chinese business leaders by collecting quantitative data from 309 business leaders from the three countries.

The study by Martinsons (2001) is based on the decision style model proposed by Rowe and Boulgarides (1983). And the instrument used in this study by Martinsons (2001) is the decision style inventory test developed by Boulgarides and Oh (1985), which included 19 scenario-based items. Martinsons (2001) stated that each item featured four statements describing different typical characteristics of decision making
and respondents were required to score on each description according to the extent at which the description is similar to their own situation. As to better understand the quantitative result of the questionnaires, interviews were carried out as well (Martinsons 2001).

The findings by Martinsons (2001) through the questionnaires reflected that the Chinese try to keep the social order by creating and maintaining a harmonious atmosphere within the hierarchy. And this is supposed to be the reason why centralized and discretionary decisions are always made in Chinese businesses (Martinsons & Hempel 1995). Martinsons (2001) analyzed that the Chinese family collectivism does not operate in a workplace that is behaviorally-oriented.

The answers acquired by the follow-up interviews showed that compared to the business leaders from Japan and US, Chinese business leaders' decision making processes involve less people and less subjective elements (Martinsons 2001). While a majority of the Japanese respondents stated that more than 10 managers had participated actively in "almost all" of the decisions at the strategic level inside the company during the last half of a year, the Chinese respondents answered that more than 10 members had been involved in "only a few" or "almost none" of the strategic decisions (Martinsons 2001, p8).

Martinsons (2001) concluded the decision style applied by Chinese business leaders
as the directive style described in the decision style model proposed by Rowe and Boulgarides (1983), which is a decision style showing comparatively high need for personal power. In other words, being capable of maintaining and exercising power is regarded as a key characteristic of Chinese business leaders (Martinsons 2001). And the decision styles applied in US and Japanese companies were suggested to be respectively the analytic style and the behavioral style (Martinsons 2001).

### 2.2.3 Other Related Studies

Decision-making in Chinese companies have been discussed and studied in several researches.

The study by Albaum et al (2010) found that the Chinese managers scored significantly high on power distance dimension while they scored extremely low on individualism dimension. And despite the tendency of femininity pointed out by the Khairullah and Khairullah's (2013) research, Albaum et al (2010) suggested that Chinese managers scored comparatively high on masculinity as compared to the ones from New Zealand and Australia.

The findings by Chinta and Capar (2007) were consistent with the research by Albaum et al (2010) that Chinese managers scored relatively high on masculinity, which means that "assertive and competitive thinking" is emphasized on in Chinese
corporations. It is also reflected that compared to their US counterparts, Chinese managers scored lower on individualism but higher on work ethics, power distance, and uncertainty avoidance (Chinta & Capar 2007).

Deresky (2003) noted that due to hierarchical cultures in China, decision-making process in Chinese corporations is autocratic, with final decisions always left as the task of the top management only. In other words, in a Chinese company, the boss is accepted to be responsible for most decision-making, and in fact employees feel comfortable when the decisions are left to the top to decide (Deresky 2003).

As is argued by Redding (cited in Khairullah & Khairullah 2013, p5), Chinese organizations are places with high power distance where employees hardly challenge the authority and decision-making is always authoritative. The reason is said to be that employees emphasize on the legitimacy of a superior-subordinate relationship (Redding, cited in Khairullah & Khairullah 2013, p5).

2.3 Culture in China

Confucianism, Taoism, and Buddhism are regarded as the basic philosophies in traditional Chinese culture (Shenkar & Ronen, cited in Khairullah & Khairullah 2013, p5), among which Confucianism is seen to be at the center of the country's cultural values (Khairullah & Khairullah 2013).
A significant principle of Confucianism is that there should be a social order where every individual knows his/her own position in society (Confucius 1938, cited in Khairullah & Khairullah 2013, p5). In a society with such social order, challenge is likely to be a collective goal instead of a personal target (Whyte 1974, cited in Khairullah & Khairullah 2013, p5). Pye (cited in Khairullah & Khairullah 2013, p5) argued that in Chinese tradition, individual glorification is not accepted as the desire for personal enhancement is considered to be a threat to the collectivism. Fan and Zhang (cited in Kaynak, Wong & Leung 2012, p87) described such "collectivism" as a "harmonious, conflict-free group-based system of social relations".

"Guanxi", referring to "good connection", is another key cultural value in Confucianism philosophy of China (Tsang 1998, cited in Khairullah & Khairullah 2013, p6). It plays the role of a principal that requires friends to try their best to do whatever they are able to for each other as long as there are such needs (Khairullah & Khairullah 2013).

Another phenomenon found in Chinese culture is that Chinese people "rely more on accumulated wisdom, precedent, and intuition than on reasons and objectivity" (Khairullah & Khairullah 2013, p7). Scarborough (cited in Khairullah & Khairullah 2013, p6) pointed out that in Chinese culture, as compared to linear thinking or analysis, holistic thinking is used much more frequently and synthesis is regarded
more effective. It is also mentioned that Chinese are superstitious and likely to consider "destiny, luck, and circumstance" as "more important than personal action" (Conte & Novello, cited in Khairullah & Khairullah 2013, p6).

Chapter 3: METHODOLOGY

3.1 Pharmaceutical Industry in China

3.1.1 General Current Situation

Covering various fields including "synthetic chemicals and drugs", "prepared Chinese medicines", "medical devices", "apparatus and instruments", "hygiene materials", "packing materials" and "pharmaceutical machinery", the pharmaceutical industry is regarded as among the leading industries in China (Nopras 2014). As one of the biggest pharmaceutical producers globally, China has its pharmaceutical industry growing at an annual rate of 17% during the recent decades (MBA 2010; OCN 2010).

Based on its "booming economy" and "high GDP growth" (KPMG 2011), China currently has the third largest market in the world after US and Japan (PR Newswire 2013). Taking the "20 percent annual growth projection" into consideration, Madden (2010) suggested that China will become the second largest market by 2015 and the
market of all the industries including the pharmaceutical industry in China will grow obviously. It is suggested that the market and companies in China are of great significance to the global pharmaceutical industry (World Watch Institute, cited in Zhou & Li 2013, p776). And due to the nature as a worldwide market, the pharmaceutical industry is estimated to continue expanding rapidly in China (Zhou & Li 2013).

Health spending is making significant progress. As is reported by KPMG (2010), the 2009 Healthcare Reform Plan published in China and the opportunities it generated has brought about significant progress in Chinese healthcare. The reform plan was unveiled after several years of careful discussion and intense debates (Chen 2009). President Hu, the then chairman of China, stated that the reform is aimed at assuring every Chinese citizen of an equal right to access the most fundamental health care (Anonymous 2009). Specifically, the plan emphasized on the role of the government in "ensuring equity and providing public goods" as well as "encouraging the exploration of market mechanisms" in order to "improve quality and efficiency" (Yip & Hsiao 2009, p613). Therefore, it is suggested that the advance in healthcare in China is to respond to such ambitious goals set by policy-makers (KPMG 2011). The change in healthcare environment is supposed to enable China to extend its basic health insurance to a bigger percentage of the nation's population (Sussmuth-Dyckerhoff & Wang 2010). And following the period of change, the expansion of Chinese pharmaceutical industry is expected to go on
On the other hand, inefficiency in the domestic pharmaceutical market is pointed out to embrace several noticeable problems.

Firstly, there is the limitation of scale. The scale of Chinese pharmaceutical market is considered to be small if the global output value is taken into concern. The pharmaceutical market of China accounts for only 7% of the global output value and its percentage is less than a multinational pharmaceutical firm's scale (Zhou & Li 2013).

A low market concentration is the second trouble. There is a competition among domestic companies without a dominant leader (Cai, cited in Zhou & Li 2013, p776). Although in most of the developed countries, the top 10 companies are seen to control half of the market, in the case of China, it is the enormous amount of domestic companies that occupy 70% of its whole market (Zhou & Li 2013).

In addition, many other problems are stated, such as "a lack of protection of intellectual property rights", "a lack of visibility for drug approval procedures", "a lack of effective governmental incentives", "poor corporate support for drug research" and "differences in the treatment in China accorded to local and foreign firms" (Porter 2011, p222).
Based on the advantages and disadvantages listed above, it can be concluded that the pharmaceutical industry in China has been developing smoothly but the existence of its weaknesses cannot be ignored.

3.1.2 Environment and Trends

Several phenomena can be seen as the factors influencing on the future development of Chinese pharmaceutical industry.

The trend of mergers and acquisitions (referred to “M&A” hereafter) is regarded as a significant element. According to the 12th Five-Year plan, investment from both foreign and private investors is highly encouraged in the state-dominated sector (Lacaixa 2012). And the implementation of the drug pricing policy has led to some of the medium-small companies being financially inadequate and thus becoming vulnerable to M&A (PwC, cited in Zhou & Li 2013, p777). There is a growing interest shown by pharmaceutical multinationals in Chinese pharmaceutical industry, which resulted in 111 M&A deals in 2007 (Zhou & Li 2013). This number inferred that M&A activities reached a record level in Chinese pharmaceutical industry, and such a trend is likely to continue as pointed out by Zhou and Li (2013) who mentioned this trend as a chance for Chinese pharmaceutical firms to enlarge their economic scales.
And an intense impact is supposed to be given by the international competition. According to Zhou and Li (2013), the weakness in international trading competitiveness strengthens such an influence placed on the Chinese pharmaceutical industry. Nowadays in China, a strategy is carried out to provide support both financially and technically as well as promote the companies' entry into international markets, in order to bolster the country's high-tech products export and stimulate domestic innovation (Liu & Chao, cited in Zhou & Li 2013, p778).

The issue regarding patent right is argued to be the most evident weakness (Zhou & Li 2013). During the last two decades, the number of chemical medicines' types developed by Chinese companies independently is only 40, among which most are not patented (Jiang & Zhang, cited in Zhou & Li 2013, p778). According to the data provided by Jean-Francois (cited in Zhou & Li 2013, p778), China accounts for only 0.73% of the world's biotechnology patents, while US and Japan occupy respectively 52.7% and 10.1%. The domestic manufacturers' problem is noted as their lack in "autonomic intellectual property" and "financial resources" as to support the brand products of their own (Zhou & Li 2013, p776).

In the perspective of policies for development, it is argued that the Chinese government's efforts in the promotion of pharmaceutical industry especially for “industrial development” and “job creation” led to the "small-scale", "duplicative"
and quality-uneven production facilities (Sun et al 2008, p1043). The government published the plan regarding a new health reform as to control the spending growth and to seek low price, yet there is a dilemma of the decision between whether to promote the static and dynamic efficiency or to balance cost control by making use of incentives that encourage innovation (Sloan & Hsieh, cited in Zhou & Li 2013, p778).

A societal phenomenon considered as a crucial role in the development of Chinese pharmaceutical industry is urbanization, which refers to the "rise of the living level" and the "increase of the family healthcare consumption" (Zhou & Li 2013, p779). China had a total urban population of almost 700 million, which accounted for more than half of the whole population, by the end of 2011, as compared with only 26% 20 years ago (China Daily 2009). Moreover, it has been predicted that China is facing increasing urbanization in the long term (Zhou & Li 2013). As is predicted by Mount, Zhang and Boisvert (cited in Zhou & Li 2013, p779), by 2020 there will be around 840 million of urban population and by 2035 i.e. 70% of the total population is going to live in urban regions.

An issue that cannot be ignored is the environmental perspective. It is emphasized that the balance between exploring and making efficient use of natural resources and protecting the environment must be noticed, with both development and environment considered (Zhao, Liu & Dong, cited in Zhou & Li 2013, p780). As to achieve a double-win target, Zhou and Li (2013, p780) proposed that "efforts should be made to
develop pharmaceutical industry as an environmentally friendly industry" where there is "high added value and scientific and technological contents" and "medicine and pharmacology save resources and cause little pollution".

In general, the development of Chinese pharmaceutical industry is facing various challenges, which have to be taken into careful consideration as to maximize the potential of the industry.

3.2 Research Design

3.2.1 Research Site: Profile of W Company

The W (pseudonym) Company is chosen as the subject of the case study mainly because of the difficulty in accessing Chinese corporations and obtaining reliable information. Mr. S, the general manager of W Company, is personally familiar with the researcher. Mr. S kindly allowed the researcher to carry out the study on W Company and cooperated with the survey himself.

W Company is a USD 10 to 15 million market cap pharmaceutical company headquartered in Chifeng City, Inner Mongolia of China. W Company was founded in 2002 as a firm playing the roles of manufacturer, wholesaler and exporter in the pharmaceutical industry.
At the present, W Company has around 150 employees. The company is in charge of the production and sales of pharmaceutical raw materials, intermediates, finished medicines, cosmetics and personal care products. Its main products include Tosufloxacin Tosylate, nitrendipine, Xanthinol Nicotinate, Alginidatum Natricum, 3-aminopytrolidine Dihydrochloride, 3-aminopyrididine, tosufloxacin tosylate tablets, and skin whitening product in which Chinese herb is used. (Baidu 2014, http://baike.baidu.com/view/4970089.htm)

The perspective of enterprise culture is the aspect on which W Company emphasizes the most. The company's goal is to become the most trustable enterprise in the Chinese pharmaceutical industry. The values seen as the most significant characteristics of the company include reputation, responsibility and courage. As well as try its best and chase after perfection, W company also pays great attention to complete its task as a sincere friend of its cooperative partners. (Lvse 2014)

The current goal of W Company is to grow into the most excellent company in the perspective of management quality and social reputation in Chinese pharmaceutical industry by 2017. In order to successfully achieve this target, W Company is carrying out the following strategies:

Firstly, the quality is more important than efficiency or cost, as it is the root of the enhancement of efficiency and the saving of cost.
Moreover, the business is supposed to be carried out throughout the whole globe. Additionally, as to fulfill the needs of customers overseas, the management and human resources practices are conducted and improved based on the management theories of the developed countries.

Last but not least, technology and innovation is regarded as important strategy for the company's future as is the quality of its products. (Healthr 2014)

In 2004, W Company was awarded with the GMP (good manufacturing practice) certificate, which proved its products' high quality and no risk to the consumer or public. In the same year, the company constructed its current factory and purchased all the related equipments according to the GMP standards. Until now, the company has acquired production licenses for 85 types of medicines, including pharmaceutical ingredients, tablets, hard capsules, granules, ointment, cream, solution, liniment, etc. (Baidu 2014, http://baike.baidu.com/view/4970089.htm)

3.2.2 Conceptual Framework: Decision Style Model

This study is based on the decision style model proposed by Rowe and Boulgarides (1983) that describes the influences on decision-making processes by values and perceptions and that is also used in the study by Martinsons (2001) mentioned above. The model, which is shown in Table 3.2.2, is based on two dimensions – cognitive complexity and value orientation. The cognitive complexity describes the level of
ambiguity tolerance and the need for structure, and value orientation generally shows whether an organization is social/human-oriented or instrumental/task-centered (Rowe & Boulgarides 1983). The model identifies four models of decision-making. They are: directive, analytic, conceptual and behavioral.

<table>
<thead>
<tr>
<th>High Cognitive Complexity</th>
<th>ANALYTIC</th>
<th>CONCEPTUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strong need for achievement (in the form of challenges)</td>
<td>Strong need for achievement (in the form of recognition)</td>
</tr>
<tr>
<td>Low Cognitive Complexity</td>
<td>DIRECTIVE</td>
<td>BEHAVIORAL</td>
</tr>
<tr>
<td></td>
<td>Strong need for power</td>
<td>Strong need for affiliation</td>
</tr>
<tr>
<td></td>
<td>Task Oriented Values</td>
<td>People Oriented Values</td>
</tr>
</tbody>
</table>

The four models suggested by Rowe and Boulgarides (1983) link with McClelland's (cited in Martinsons 2001, p2) typology of needs. As is proposed by McClelland (cited in Martinsons 2001, p2), a behavior is motivated by needs in "achievement", "power" and "affiliation", among which the need for "achievement" may be satisfied in the form of either taking on challenges or receiving recognition.
According to Rowe and Boulgarides (cited in Martinsons 2001, p2), "power" is the primary need of directive decision makers. Decision makers of this type are task-oriented. To be more specific, they are "results-oriented" with a desire to dominate other people, low tolerance of ambiguity and a preference for low cognitive complexity (Martinsons 2001, p2). Therefore, in the case of directive decision makers, the amount of information which is gathered and the number of alternatives taken into consideration are normally limited (Martinsons 2001).

Although with the same value orientation in task, compared to directive decision makers, analytic decision makers are better at putting up with ambiguity and are thus more efficient in data collection and processing (Martinsons 2001). It takes time for such decision makers to finally decide on a certain plan, since they tend to thoroughly test the whole situation and take a lot of alternatives into consideration (Martinsons 2001). The primary need of analytic decision makers is "the need for achievement in the form of new challenges" (Rowe & Boulgarides, cited in Martinsons 2001, p2).

Another type of decision makers that emphasize on the need for achievement is the conceptual type. However, the difference from their analytic counterparts is that the conceptual decision makers' need in achievement is in the form of recognition instead of challenges. They are characterized with high cognitive complexity and a people orientation (Rowe & Boulgarides 1983). As to make the decision, multiple
alternatives are considered, and the related information is from multiple sources as well (Martinsons 2001). The characteristics of conceptual decision makers are described by Martinsons (2001, p3) as "a long-term perspective", "creativity" and "idealism".

Affiliation is regarded as the primary need by which behavioral decision makers are driven (Rowe & Boulgarides 1983). While feeling comfortable with a low degree of cognitive complexity, this type of decision makers have their value strongly people-oriented (Rowe & Boulgarides 1983). With a tendency to easily communicate and a strong concern of their peers and subordinates' well-being, behavioral decision makers are evaluated as "receptive to suggestions", "willing to compromise" and preferring "loose controls" (Martinsons 2001, p3).

In this thesis, the research attempts to evaluate and categorize the decision making style in W Company based on the decision style model presented above. The researcher is going to conclude the features and characteristics of the decision making process applied in W Company, and thus to find out the type of decision style followed in Chinese corporations.

3.3 Data Collection

3.3.1 Questionnaire Design
A self-administered questionnaire developed from the Rowe and Boulgarides’ (1992) inventory test is used as the method to collect primary data in this research. As an "instrument used to collect information from people who complete the instruments themselves" (Bourque & Fielder 2002, p2), such a method provides advantages such as convenience in the data's collection and analysis, respondents' willingness in answering personal questions and lower chances of persuasive results (Velde, Jansen & Anderson 2003).

Moreover, in consideration of advantages including the low participation cost, the possibility to get responses right away, and the lack of geographical restraint (Ridings, Gefen & Arinze 2002), questionnaires are conducted through emails instead of paper and pencil.

The questionnaire for this study is illustrated in Appendix 1. Firstly, the personal data of the respondents from W Company are asked for. Such data include each respondent's gender, age, position and department in W Company, and the year in which he/she entered the company. The second part of the questionnaire consists of 20 questions to measure the characteristics of the respondents' ways of behaving and thinking and to find out their tendency in decision-making styles. All of the questions are multiple choices. The respondents are required to pick up only one of the four options, according to how they are normally most likely to act in a certain situation.
Each of the four options reflects the feature of a specific decision style described in the decision style model proposed by Rowe and Boulgarides (1983). The questionnaire used in Rowe and Boulgarides’ (1992) inventory test, from which the questionnaire of this study is modified, is illustrated in Appendix 2.

The questionnaire is kindly translated by Feng Huan, an English-majored student of a public university, into Chinese and checked by Zhang Yu, a graduate of a foreign language university, before being distributed by the researcher to the employees with different positions in W Company. 35 questionnaires were sent and 18 respondents kindly cooperated with the research, including 1 general manager, 1 vice general manager, 7 department managers, 1 assistant manager, 3 group leaders and 5 non-management employees separately in charge of business, technology, production, administration, and human resources. The response rate was 51.4%.

### 3.3.2 Survey Procedure

As is mentioned above, the survey is made by the researcher in English and conducted in Chinese. It is translated carefully with the use of back translation process as to guarantee the quality of the questionnaire.

The survey is conducted in the time period of 7-18, February 2014 and the questionnaire is carried out through emails. The data is collected from managers and
employees of different positions in W Company.

Chapter 4: RESULTS AND DISCUSSION

4.1 Findings

4.1.1 Profile of Respondents

According to Ghauri and Gronhaug (2010), frequency analysis is supposed to be the first task of the researcher after the data is coded in order to examine the respondents' demographic data. In this research, demographic data of the respondents consist of their gender, age, position and departments in W Company and the time periods they have been working in the company.

As of March 1, 2014, there were 134 staffs in W Company. Of which, 18 people responded to the research. Table 4.1.1 shows the descriptive statistics of the respondents' profiles.

Table 4.1.1 Descriptive statistics of respondents' characteristics (n=18)

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>Count</td>
<td>Percentage</td>
</tr>
<tr>
<td>-------------</td>
<td>-------</td>
<td>------------</td>
</tr>
<tr>
<td>Female</td>
<td>5</td>
<td>27.8</td>
</tr>
<tr>
<td>Male</td>
<td>13</td>
<td>72.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-29</td>
<td>7</td>
<td>38.9</td>
</tr>
<tr>
<td>30-39</td>
<td>8</td>
<td>44.4</td>
</tr>
<tr>
<td>40-49</td>
<td>2</td>
<td>11.1</td>
</tr>
<tr>
<td>50-59</td>
<td>1</td>
<td>5.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Position</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Vice) General manager</td>
<td>2</td>
<td>11.1</td>
</tr>
<tr>
<td>Department (Assistant) manager</td>
<td>8</td>
<td>44.4</td>
</tr>
<tr>
<td>Group leader</td>
<td>3</td>
<td>16.7</td>
</tr>
<tr>
<td>Non-management</td>
<td>5</td>
<td>27.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Department</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Vice) General manager</td>
<td>2</td>
<td>11.1</td>
</tr>
<tr>
<td>Business</td>
<td>5</td>
<td>27.8</td>
</tr>
<tr>
<td>Technology</td>
<td>4</td>
<td>22.2</td>
</tr>
<tr>
<td>Production</td>
<td>5</td>
<td>27.8</td>
</tr>
<tr>
<td>Administration</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>Human resources</td>
<td>1</td>
<td>5.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Duration of working in W Company</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 10 years</td>
<td>6</td>
<td>33.3</td>
</tr>
<tr>
<td>5-10 years</td>
<td>7</td>
<td>38.9</td>
</tr>
</tbody>
</table>
4.1.2 Answers to the Questionnaire

As is mentioned in the previous part, the second section of the questionnaire is made up of 20 multiple choice questions to assess on the respondents' perceptions in their decision-making styles. Each question has four options and a respondent chooses one answer reflecting how they act in a given situation. Each of the four options reflects the feature of a specific decision style described in the decision style model proposed by Rowe and Boulgarides (1983).

To be more specific, in each question, options A, B, C, D reflect the characteristics of directive style, analytic style, conceptual style and behavioral style in sequence.

Based on the responses to the questionnaire, the number of respondents who have chosen most As, Bs, Cs, Ds and their percentages in the whole members are given in Table 4.1.2. The situation where one has more than one option that he/she has chosen the most for the equal times is taken into consideration.

<table>
<thead>
<tr>
<th>Respondents who choose most...</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>As (directive)</td>
<td>5</td>
<td>27.8</td>
</tr>
</tbody>
</table>
It is found that a large part of the respondents choose the most Bs (44.4%), which shows that they have the highest tendency in following the analytic style. The ones who choose the most As (standing for the highest tendency in the directive style) and those who pick up the most Ds (the behavioral style) show equal (27.8% each) proportions of the respondents. And the ones who choose the most Cs (the conceptual style) account for a small proportion (16.7%).

4.2 General Analysis and Discussion

4.2.1 Comparison

The researcher compared the percentages of responses to the questionnaire based on the genders, ages, positions, departments and experiences of the respondents. The situation where one has more than one option that he/she has chosen the most for the equal times is taken into consideration.

Gender

Among the 18 respondents, there are 5 females (27.8%) and 13 males (72.2%). The
numbers of females who have chosen the most As, Bs, Cs, and Ds are in sequence 2, 2, 1, 1. And almost a half (6 people) of the male respondents has chosen Bs the most.

The numbers of males who have chosen the most A, C, D are 3, 2, 3 in sequence.

Figure 4.2.1-1 shows the frequency of the respondents arranged by their genders and responses to the questionnaire.

![Bar chart showing frequency of respondents by gender and response](image)

**Figure 4.2.1-1 Frequency of respondents by gender and response (unit=people)**

***Age***

Those whose age range from 30 to 39 years old form the largest proportion (44.4%) of the respondents, followed by the respondents whose ages are between 20 and 29 years old (38.9%). The ones who are in their 40s and 50s account for respectively 11.1% and 5.6%. The frequency of respondents by age and response to the questionnaire is illustrated in Figure 4.2.1.2.
Figure 4.2.1-2 Frequency of respondents by age and response (unit=people)

Position

The frequency of respondents based on their positions and how they respond to the questionnaire is shown in Figure 4.2.1-3.

Figure 4.2.1-3 Frequency of respondents by position and response (unit=people)

Department

Figure 4.2.1-4 illustrates the frequency of respondents according to the departments they belong to and the options they choose the most during responding to the
questions of the questionnaire.

Figure 4.2.1-4 Frequency of respondents by department and response

(unit=people)

Duration of working in W Company

The frequency of respondents by duration of working in W Company and response to the questionnaire is shown in Figure 4.2.1-5.
Figure 4.2.1-5 Frequency of respondents by working duration in W Company and response (unit=people)

4.2.2 Evaluation

Based on the fact that a large portion (44.4%) of the respondents have chosen most Bs in their answers to the questionnaire, it can be evaluated that a high tendency of the analytic decision-making style is found in W Company, while the tendency in the conceptual style seems to be the lowest as the percentage (16.7%) of the respondents who have chosen most Cs is the smallest.

While tendencies of four decision-making styles are shown equally among the female respondents, the male seem to be more likely to follow the analytic style. The respondents in their 30s tend to follow the analytic style and the directive style, while the ones in their 20s follow the behavioral style more.

With the positions of the respondents taken into consideration, the managers and group leaders in W Company are regarded as following the analytic style, while the non-management employees show higher tendency of the behavioral style. No significant relation is found between the department to which the respondents belong and the decision-making styles they follow.
The respondents who have been working in W Company for 5 to 10 years show higher tendency of the behavioral style, as compared to the others.

Different from the former research by Martinsons (2001) that suggested a directive tendency in the decision-making style followed in Chinese companies, this case study on W Company found emphasis towards the analytic style, which is regarded by Martinsons (2001) as the decision-making style followed by US managers.

According to Martinsons (2001), a key factor behind the analytic style applied in US companies is the high individualism in the US culture, which is found in the research by Hofstede (1980). In an individualist society like US, one regards himself/herself as a unique “I” rather than part of a group named “we” since his/her early childhood, and it is an undoubted fact that one has to be able to fight on his/her own without the protection from any group; thus, there is no strong need for the loyalty to the society or for the caring for other people (Hofstede 1994). Martinsons (2001) argued that it is such individualism that encourages the decision making process in US companies to depend more on analysis of objective data than subjective factors, as compared to the decision making in a collectivist society where the leader makes all the decisions on his/her own and people are supposed to care about others’ feelings instead of the facts.

To the contrary, the culture in China is characterized with high collectivism or low individualism (Hofstede & Bond 1988). It is suggested by Martinsons (2001) that such feature has led to the directive style found in his study as the typical decision style followed in Chinese companies. Compared to US where individual freedom and self-interest is emphasized, the Chinese society is always supposed to have its social
order and harmonious atmosphere within the hierarchy maintained (Martinsons 2001). Therefore, in a Chinese company, decisions tend to be centralized (Martinsons & Hempel 1995). Consequently, a high tendency of the directive style was found by Martinsons (2001) in the managers of Chinese companies.

However, it is pointed out by Hsu (2011) that changes have taken place in the collectivism/individualism perspective of cultural values in China, and such changes may be regarded as the reason for the change in decision style applied in Chinese companies. Although Hofstede (cited in Hsu 2011, p16) describes “culture” as “extremely stable over time”, there are still changes coming in various forms such as “trade”, “conquest”, “economical or political dominance”, “technological breakthroughs” (Hofstede, cited in Hsu 2011, p16) and so on. In China, the changes are indeed found in the perspective of collectivism/individualism. As early as nearly 10 years ago, the individualism that had begun to grow among Chinese managers was already noticed in a study on work-related values of young managers in Shanghai (Ralston et al 1995). And in China nowadays, a significant change from collectivism to individualism is seen in the research by Sun and Wang (cited in Hsu 2011, p17) in 2010 on the development of Chinese people’s values and ways of thinking. Compared to their ancestors and former generations who concerned about the harmony-within-hierarchy and respected the authoritative power of leaders, modern Chinese people appear to have more freedom as individuals. This can be the reason why the primary need of Chinese decision makers has shifted from personal power to achievement in the form of challenges, and the Chinese decision style has thus changed from the directive style to the analytic style.
Economic development plays an important role in the change of the cultural values in China. It is mentioned by Hofstede (cited in Hsu 2011, p16) that collectivism tends to be found in less developed countries as people living in poor environments are likely to rely on each other. Since the economy of China has been growing rapidly and significantly, it is a natural consequence that traditional collectivistic values become increasingly more individualistic (Hsu 2011). As is found by Cao (cited in Hsu 2011, p17), more choices have been brought about to Chinese people by the economic growth, leading to more freedom in decision making, and resulting in the development of individualistic values and behaviors.

The change in Chinese cultural values can also be attributed to the influence of foreign culture, as nowadays globalization is processing rapidly and China is impacted by the Western lifestyle, culture and ideologies significantly (Liu, Rhoads & Wang 2007). New policies brought into Chinese companies by the foreign companies coming for investment have changed the old collectivistic work environment, and nowadays one needs to compete with the other members in the organization to show his/her excellence as to get promoted (Hsu 2011). The education is also impacted. It has become a necessity for students to acquire the ability to learn new things based on their individual needs (Cao, cited in Hsu 2011, p17). As a result, the need for achievement has become stronger.

Apart from the change in cultural values, the management theories from the Western countries can also be regarded as one of the factors resulting in the change of decision style applied in Chinese companies. The rationality of scientific management that is emphasized in Western management education has become increasingly more
important in Chinese managers' views (Fan, Huang & Guo 2008). Behaving according to the rationality and making decisions based on the objective facts should be the basic line of the modern management (Zhang 2005). The Chinese people are suggested to be more dependent on “intuition” rather than on “reasons” or “objectivity” (Khairullah & Khairullah 2013, p8). However, the current environment in a modern company requires even the irrational factors such as intuition and sense to function in the framework structured by rationality (Zhao 2001). The emphasis on rationality is directly related to more attention on objective data and facts, which are the key elements of the analytic style.

The higher tendency of the analytic style among the male respondents than the female can be explained by the difference in the opposite genders' ways of thinking. It is said that compared with females, males tend to work more on data collection and processing (Yan 2013), which is described as the features of the analytic style (Martinsons 2001). And the reason for the tendency of the behavioral style found among the young employees and non-management is regarded to be the high power distance in Chinese companies, which has been pointed out by Martinsons (2001). Although Chinese people have become more individualistic in reality, it is still a common view that individualism reflects selfishness, especially young people and the ones with lower positions are easily noticed when they act inappropriately in an organization (Hsu 2011). This high collectivism and high power distance has led the employees with younger age or lower positions to follow the will of the senior employees or the ones with higher positions in the company. Thus, they try harder in caring for the others' ideas and maintaining the harmony within the workplace. The consciousness of maintaining such harmonious atmosphere and caring for the
interpersonal relationship is also shown by people who have been working in the company for 5 to 10 years. Therefore, a higher tendency of the behavioral style is also found in the respondents with the certain working duration in the company.

CHAPTER 5: CONCLUSION AND SUGGESTIONS

5.1 Conclusion and Implications

As a fundamental activity for managers (Martinsons 2001) in the company, decision making is regarded as not only the soul of a manager's work (Robbins 1994) but also a key factor in organizational life (Robbins 1997). Nowadays, with the management in Chinese companies becoming the topic warmly discussed by scholars and managers due to the rapid growth of the country's economy (Fan, Huang & Guo 2008), the decision-making style used in Chinese companies is strongly needed to be studied, since it is closely linked with the actual need and the management practice in Chinese enterprises (Fan, Huang & Guo 2008).

This study is undertaken to find out the decision-making style applied in Chinese companies. The differences in the decision-making styles of employees due to their genders, ages, positions, departments and working duration in the corporation are also examined. The reasons behind the features shown in the decision-making in Chinese companies are analyzed.

A questionnaire survey modified from the decision style inventory test implemented
by Rowe and Boulgarides (1992) is carried out. The questionnaire is self-administered and conducted through emails. The results of this study are different from those of Martinsons’ study. The findings show that in the Chinese company studied there is a stronger need of achievement and rational thinking and scientific management is more emphasized. This change is suggested to be due to the change in Chinese cultural values from collectivism to individualism and the influence from Western management theories. The study also suggests a tendency of the behavioral style among the young or non-management employees due to the high power distance.

This study provides useful implications for the cases where a foreign company wants to know about its Chinese partner before starting a cooperation or partnership and where an international manager needs to understand his Chinese employees and colleagues. The implication is also provided for a Chinese manager to acquire more knowledge about his company and employees as to carry out the management practices more efficiently and successfully.

5.2 Contribution of the Research

The major contribution of this study is that it is among the first researches revealing the change in the decision-making style followed in Chinese companies. The previous study by Martinsons (2001) suggests the Chinese companies' application of specifically the directive style. But this study finds out the increasing tendency of the analytic style in a Chinese company and suggests that it is due to the change in Chinese cultural values from collectivism to individualism and the influence from the Western management theories. In 2002, China was reported to have surpassed US in
the amount of Foreign Direct Investment, USD 52.743 billion, which was a more-than-80-time increase as compared to the amount two decades ago (Whalley & Xian 2010). Through the rapid increase of foreign investment in China, western management style has spread in the country as well (Chow 2004).

Additional contribution of this research is that it has tried to find out and explain the features and differences in decision-making styles based on the comparison between different genders, ages, positions, departments and working durations in the company. The result provides useful ideas and suggestions that can be implied in Chinese companies' management practices.

5.3 Limitations and Suggestions for Future Study

Based on the findings of the research, several limitations and suggestions for future researches are found.

Firstly, this study compares the decision-making styles based on gender, age, position, department and working duration in the company, but there are far more factors that may affect on one's decision making. Future researchers can investigate how other factors such as education level and former working experiences may influence the decision-making style.

Secondly, the study analyzes the feature and transfer in the Chinese companies' decision-making style from only the perspective of culture. However, there may be various factors behind such characteristics and change in the decision making in
Chinese enterprises. Future researchers may study on political or economic factors related.

Thirdly, although the current features of decision making in Chinese companies are studied and a transfer from the past is found, there is no suggestion for the future tendency. Future researchers are expected to predict how decision making in Chinese companies is going to develop and grow.

Fourthly, there is a limitation caused by the adoption of a case study on a company, as the whole region of China is not covered. Future researchers can study on a different pharmaceutical company or a company in other fields and combine the results with this study.

Fifthly, using a questionnaire survey may influence negatively on the accuracy of the response, as some respondents may not be willing to answer according to the truth. Responses may have suffered from “social desirability bias”, which refers to the tendency of the respondents to give socially desirable responses rather than respond according to their true feelings (Nederhof 1985). And as compared to a questionnaire using pen, a questionnaire conducted through emails tend to have lower response rate as the researcher is not able to know whether respondents fill out the questionnaire and take accordant action (Velde, Jansen & Anderson 2003). Another limitation is that the questionnaire is made up of general questions and no specific case or example is discussed on. Future researchers may adopt other data collection methods such as research trips and interviews, and may focus on a specific case of decision making.
REFERENCES


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APPENDICES
Appendix 1: The Questionnaire

Dear Sir/Madam:

The purpose of this questionnaire is to collect data from W company employees about the characteristics in their ways of decision making. This survey is implemented under the supervision of Professor Ali HAIDAR. All the information gathered will be used for the researcher's MBA thesis research purpose only. And your privacy will be protected strictly. Thank you very much for your kind cooperation despite your busy schedule. Please do not hesitate to contact me by email (qingxi12@apu.ac.jp) if you have any question.

Sincerely

XIA Qing

PART I: Personal Data

Please fill in the brackets.

1. Gender (   )

2. Age (   )

3. Current Position and Department in W Company (   )

4. Which year did you enter W Company? (   )
PART II: Multiple Choices

There are in total 20 questions, each of which is with four options. You may choose only one answer for each question that is the closest to your own situation. In answering the questions, please think of how you are normally most likely to act under some certain condition. Please notice that your responses are supposed to reflect what you prefer to do, not what you think is the correct way in which one should do.

1. The primary goal you are purchasing in your work is to (      ).
   A. acquire an ideal position with status
   B. be the No.1 in your field
   C. be recognized for what you have done
   D. feel safe and secure

2. The key element of your favorite job is (      ).
   A. a clear definition and high technicality
   B. variety and flexibility
   C. freedom and independence
   D. the involvement of people

3. The most expected personality of your employees is (      ). If you are
non-management, please assume that you are a manager when answering the question.

A. efficiency, productivity, speed
B. high capability
C. loyalty, diligence and responsiveness
D. Willingness to accept suggestions

4. In your work you are always seeking for ( ).
   A. a practical result
   B. a best solution
   C. a new idea or a new method
   D. a comfortable working environment

5. The way of communication in which you are the best at is ( ).
   A. one-to-one
   B. writing
   C. group discussion
   D. formal meeting

6. When you are making a plan, you pay the highest attention to ( ).
   A. the current issue and problem
   B. reaching the target
C. the future development
D. moving yourself forward and supporting the growth of others in the career

7. Faced with a problem needing to be solved, you are likely to (      ).
   A. depend on a path that has been proved to be reliable
   B. analyze carefully
   C. seek for a new method
   D. rely on your intuition

8. When collecting information, you prefer to know (      ).
   A. the specific and detailed facts
   B. exact and complete data
   C. various perspectives and multiple options
   D. little information that is easy to understand

9. When you do not know what actions you should take, you will (      ).
   A. follow your heart
   B. seek for facts and the truth
   C. look for an appropriate compromise
   D. wait for some time to make the decision

10. You always tend to avoid (      ).
A. long debate
B. incomplete work
C. using numbers or calculations
D. conflicts with others

11. You are especially good at (       ).
   A. remembering dates and facts
   B. solving difficult problems
   C. seeing various possibilities
   D. communicating and interacting with other people

12. Under an urgent circumstance you will (     ).
   A. make decisions rapidly and take fast action
   B. implement the plan according to priority
   C. refuse the stress and pressure
   D. seek for instruction and support

13. In social occasion, you usually (      ).
   A. talk with others
   B. think about the topics others spoke of
   C. observe the surroundings
   D. listening to the talk or speech by others
14. You normally remember (  ) the best.
   A. other people's names
   B. the spot where you and someone else met for the first time
   C. other people's appearances
   D. other people's personalities and characteristics

15. You have acquired (  ) from the work you are doing.
   A. the power to influence others
   B. challenging tasks
   C. achievement of your goal
   D. acceptance by a community

16. You are good at working with people that are (  ).
   A. energetic and ambitious
   B. confident
   C. open-minded
   D. polite and trustable

17. Under the pressure you tend to (  ).
   A. feel stressful
   B. concentrate on solving the problem
C. feel depressed
D. become forgetful

18. The others describe you as (       ).
A. aggressive
B. strict to yourself
C. full of imagination
D. helpful

19. You always make a decision that is (       ).
A. practical and direct
B. brief and systematic
C. flexible and broad
D. accepted by others

20. You dislike (       ) the most.
A. losing control
B. boring tasks
C. following the rules
D. getting rejected
Appendix 2: Decision Style Inventory Test by Rowe and Boulgarides (1992)

Decision Style Inventory Instructions

1. Use *only* the following numbers to answer each question:

   8 when the question is *most* like you.

   4 when the question is *moderately* like you.

   2 when the question is *slightly* like you.

   1 when the question is *least* like you.

2. Each of the numbers must be inserted in the box following the answers to each question.

3. You may only use the 8, 4, 2, and 1 *once* for each question.

4. For example, the numbers you might use to answer a given question could look as follows: 8 1 4 2

5. Notice that each number has been used only once in the answers for a given question.

6. In answering the questions, think of how you *normally* act in a situation.

7. Choose the *first* response that comes to your mind when answering the questions.

8. There is no time limit in answering the questions, and there are no right or wrong answers. You can change your mind.

9. Your responses reflect how you *feel* about the response to the questions and what you *prefer* to do, *not* what you think is the right thing to do.
Please score the following questions based on the instructions given. Your score reflects how you see yourself, not what you believe is correct or desirable, as related to your work situation. It covers typical decisions that you make in your work environment.

<table>
<thead>
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<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
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<tbody>
<tr>
<td>1.</td>
<td>My prime objective is to:</td>
<td>have a position with status</td>
<td>be the best in my field</td>
<td>achieve recognition for my work</td>
<td>feel secure in my job</td>
</tr>
<tr>
<td>2.</td>
<td>I enjoy jobs that:</td>
<td>are technical and well defined</td>
<td>have considerable variety</td>
<td>allow independent action</td>
<td>involve people</td>
</tr>
<tr>
<td>3.</td>
<td>I expect people working for me to be:</td>
<td>productive and fast</td>
<td>highly capable</td>
<td>committed and responsive</td>
<td>receptive to suggestions</td>
</tr>
<tr>
<td>4.</td>
<td>In my job, I look for:</td>
<td>practical results</td>
<td>the best solutions</td>
<td>new approaches or ideas</td>
<td>good working environment</td>
</tr>
<tr>
<td>5.</td>
<td>I communicate best with others:</td>
<td>in a direct one-to-one basis</td>
<td>in writing</td>
<td>by having a group discussion</td>
<td>in a formal meeting</td>
</tr>
<tr>
<td>6.</td>
<td>In my planning, I emphasize:</td>
<td>current problems</td>
<td>meeting objectives</td>
<td>future goals</td>
<td>developing people’s</td>
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<td>7. When faced with solving a problem, I:</td>
<td>rely on proven approaches</td>
<td>apply careful analysis</td>
<td>look for creative approaches</td>
<td>rely on my feelings</td>
<td></td>
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<tr>
<td>8. When using information, I prefer:</td>
<td>specific facts</td>
<td>accurate and complete data</td>
<td>broad coverage of many options</td>
<td>limited data which is easily understood</td>
<td></td>
</tr>
<tr>
<td>9. When I am not sure about what to do, I:</td>
<td>rely on intuition</td>
<td>search for facts</td>
<td>look for a possible compromise</td>
<td>wait before making a decision</td>
<td></td>
</tr>
<tr>
<td>10. Whenever possible, I avoid:</td>
<td>long debates</td>
<td>incomplete work</td>
<td>using numbers or formulas</td>
<td>conflict with others</td>
<td></td>
</tr>
<tr>
<td>11. I am especially good at:</td>
<td>remembering dates &amp; facts</td>
<td>solving difficult problems</td>
<td>seeing many possibilities</td>
<td>interacting with others</td>
<td></td>
</tr>
<tr>
<td>12. When time is important, I:</td>
<td>decide and act quickly</td>
<td>follow plans and priorities</td>
<td>refuse to be pressured</td>
<td>seek guidance or support</td>
<td></td>
</tr>
<tr>
<td>13. In social settings, I generally:</td>
<td>speak with others</td>
<td>think about what is being</td>
<td>observe what is going on</td>
<td>listen to the conversation</td>
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<tr>
<td>14.</td>
<td>I am good at remembering:</td>
<td>people’s names</td>
<td>places we met</td>
<td>people’s faces</td>
<td>people’s personality</td>
</tr>
<tr>
<td>15.</td>
<td>The work I do provides me:</td>
<td>the power to influence others</td>
<td>challenging assignments</td>
<td>achieving my personal goals</td>
<td>acceptance by the group</td>
</tr>
<tr>
<td>16.</td>
<td>I work well with those who are:</td>
<td>energetic and ambitious</td>
<td>self-confident</td>
<td>open minded</td>
<td>polite and trusting</td>
</tr>
<tr>
<td>17.</td>
<td>When under stress, I:</td>
<td>become anxious</td>
<td>concentrate on the problem</td>
<td>become frustrated</td>
<td>am forgetful</td>
</tr>
<tr>
<td>18.</td>
<td>Others consider me:</td>
<td>aggressive</td>
<td>disciplined</td>
<td>imaginative</td>
<td>supportive</td>
</tr>
<tr>
<td>19.</td>
<td>My decisions typically are:</td>
<td>realistic and direct</td>
<td>systematic or abstract</td>
<td>broad and flexible</td>
<td>sensitive to the needs of others</td>
</tr>
<tr>
<td>20.</td>
<td>I dislike:</td>
<td>losing control</td>
<td>boring work</td>
<td>following rules</td>
<td>being rejected</td>
</tr>
</tbody>
</table>