and develop high-quality management talent in China," said Mr. Ronnie Chan, Chairman of the corporate advisory board.

Professor Otto Lin, Vice President for Research & Development concurred with this idea. "Chinese management is one of the Areas of Excellence being developed by HKUST," he said.

The 8-day program was packed with lectures, sample research presentations, and group working sessions. 17 faculty representatives from HKUST, Chinese University of Hong Kong, City University of Hong Kong, National Taiwan University and University of Washington lectured and led discussions on theory building, lab-experiments, quasi-experiments, survey research, qualitative research, secondary-data research and data analysis methods. Participants were divided into working groups to develop research proposals on topics of mutual interest.

Professor Anne Tsui believes that everyone involved in this workshop benefited. "The Chinese scholars were introduced on Western-style research methods and techniques, at the same time they brought their knowledge and first-hand experience of Chinese management styles to the workshop," she said.

Participants agreed that the workshop was helpful to their future research projects. "What we have learned from the workshop is totally fresh for us; it provided us with basics in conducting academic research at international standards," said Professor Yang Dong Tao from Nanjing University.

The program Director, Professor Jiing-Lih Larry Farh remarked that this workshop is a kickoff for future collaboration in building a body of scientific management knowledge for China. He was impressed by the dedication of the mainland scholars and faculty members to the development of Chinese management research. "Your dedication and commitment have made this workshop worthwhile for us all," he said at the graduation dinner.

Workshop on the Reform & Development of Enterprises in China (4-5 Nov 1999)

A workshop on the Reform and Development of Enterprises in China was held on 4-5 November 1999 at Peking University, Beijing. Jointly organized by Hong Kong University of Science & Technology (HKUST), Chinese University of Hong Kong (CUHK) and Guanghua School of Management of Peking University.

Center on the Web

http://www.bm.ust.hk/~hlcor

We are pleased to announce the launch of our center web site (http://www.bm.ust.hk/~hlcor) on 1 January 2000. The site presents up-to-date information about all center activities such as the Chinese Management Scholar Research Workshop 2000, Call for Research Proposals, and Scholar Research Interest Data Bank. The site also provides useful information for scholars and practitioners who are interested in China such as China/Asia Case Summaries and Executive Interviews. It also has a guest book page, which allows visitors to share information and discuss issues of common interest. Please visit our site and tell us your opinion about it.

The First Chinese Management Scholar Research Workshop (14-22 July 1999)

The first Chinese Management Scholar Research Workshop was held between 14-22 July at the Hong Kong University of Science and Technology (HKUST). The workshop was well attended by 33 management scholars from 22 leading universities in China including Peking University, Tsinghua University, Renmin University, Tianjing University, Fudan University, Shanghai University, and Nanjing University. It provided an opportunity for professors from the Chinese mainland, Hong Kong, Taiwan and the United States to discuss and exchange ideas on management research methods and issues in the Chinese business context.

At the welcoming dinner, the corporate advisors shared their insights with the Chinese scholars on critical management and organizational issues in China. They included Mr. Ronnie Chan, Chairman of Hang Lung Development; Mr. Robert Chan, Senior Consultant of Pacific Century Group; Mr. David Lie, Chairman of Newpower Group; Mr. Daniel Ng, Chairman of McDonald Restaurant (HK); and Dr. William Overholt, Executive Director of Nomura Asia Pacific.

"Management is a specific science. High quality research is important to our understanding of the different facets of Chinese management so that we can learn from good practices
University, the goals of this workshop were to identify critical issues and research topics as well as to analyze the impact of government policies on the reform of enterprises in China.

The workshop was kicked off with opening remarks by Dean Yuk Shee Chan of HKUST and Associate Dean Wei Ying Zhang from Peking University. The official guests, Mr. Chen Qing Tai, Deputy Director of the Development Research Center of the State Council and Mr. Ma Jian Tang, Director-General of the State Economic & Trade Commission focused on policy issues and shared their insights during the opening forum.

In the workshop, more than 15 senior executives from state-owned enterprises, private-owned enterprises and joint-venture enterprises shared their success stories and difficulties encountered in their companies and within their respective industries. The ensuing discussion session following each executive presentation provided a valuable opportunity for the academic researchers and corporate leaders to exchange views about contemporary management issues in China.

This workshop brought together more than 100 scholars from 26 major universities in China and Hong Kong. In order to encourage further collaborations among the researchers, scholars with similar research interests engaged in in-depth discussions of future research ideas. With critical research areas now identified, the conference has facilitated future joint research between Hong Kong and Chinese scholars on challenging management issues in China.

**Hang Lung Center Research Seminar Series**

We have organized two seminars in the past six months. In May, Dr. Jia Lin Xie from City University of Hong Kong and University of Toronto gave a presentation on “Conducting Job Stress Research in China: The Challenges and Opportunities”. Dr. Xie highlighted the difficulties and opportunities for conducting stress research in China. Based on data collected from 496 employees in a large state-owned enterprise, her study explored the relationship between stressors, stress, and employees’ psychological and somatic reactions. With blood samples and other health data collected from the employees, the study attempted to probe how exposure to chronic stress might affect the subjects’ physical health and immune systems.

The second seminar was held in October. Dr. Chao C. Chen of Rutgers University shared with us his research entitled: “Coping with Compensation Disparity: Justifications by Local Chinese in Sino-Foreign Joint Ventures”. His study examined how local employees in Chinese joint ventures respond to the large compensation privileges enjoyed by overseas expatriates. He found that the Chinese employees perceived distributive injustice in the compensation disparity. However, such injustice was mitigated by favorable compensation disparity over other local Chinese, by justifications for local-expat compensation disparity, and by the interactive behaviors of the expatriates.

**First Call for Research Proposals**

We are pleased to announce a joint call for research proposals on the theme of “Economic Reform and Enterprise Development in the People’s Republic of China” funded by Hong Kong University of Science & Technology and Chinese University of Hong Kong. Based on the “Workshop on Reform and Development of Enterprises in China” held in November 1999, six important research areas with some illustrative questions have been identified (i.e., Corporate Strategy, Impact of WTO, Corporate Governance, Organizational Culture, Leadership and Human Resource Management). Scholars from the mainland are invited to collaborate with faculty members from HKUST or CUHK and submit their research proposals on these areas before January 2000.

**The Second Chinese Management Scholar Research Workshop in July 2000**

In view of the overwhelmingly positive responses from mainland participants to our first workshop held last July, we plan to organize a second research workshop from 19-27 July 2000 at HKUST. The format for the Workshop 2000 will be similar to that of the first one and we will invite another group of mainland scholars from the top universities in China to participate. The focus will be on research methods applicable to management and strategic management issues in China.

**Contact us**

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Chinese Culture in a Global Chinese Company: How Stan Shih Leads Acer

Q: Could you describe the influence of Chinese culture on Acer? What aspects of Chinese culture have improved the development of Acer, and what Chinese cultural values may have impeded Acer’s development?

Stan: The Chinese culture values centralization and control. To overcome the shortcomings of over centralization, Acer has a decentralized structure, which emphasizes delegation. Delegation gives the company the chance to survive and grow. Without delegation, it is impossible to handle the heavy workload of a large company, and that puts constraints on the growth of the company. The basis for delegation is trust. To delegate, I have to trust. Acer’s delegation and decentralization is built upon the belief that “human nature is basically good.” In giving out assignments, I briefly express my comments and allow the employees to decide how they are going to proceed. Delegation also means that the CEO might lose some control. Since I always feel that my colleagues are doing a better job than I can, I am happy to delegate and give up control, especially control by the family. More than a decade ago, I made the announcement that my children would not work for Acer. As such, I have to cultivate talents more aggressively within the company. Delegation helps in growing such internal talents among employees of all types and ages.

Q: Acer is an international Chinese company. Would you briefly describe differences in management and leadership styles between Acer and other successful Chinese companies?

Stan: The most important difference is that our managers are working for their own ideals and in their own ways. We exercise relatively low control over our managers’ work and decisions. Management at each level is expected to make and execute their decisions independently. As long as they are working for the company’s benefit, we protect them and encourage them to do more and to learn more. Certainly, there are people who make business decisions with selfish motives. This is normal and can be understood. However, if we can manage and cope with these rare cases appropriately, a common culture and organizational commitment can be established. At Acer, managers have many opportunities for self-improvement and self-learning. They are authorized to make their own decisions, like running their own businesses, and they learn in the process.

Q: This brings up the subject of seniority. I know Acer keeps a lot of older employees and that seniority is valued in the company. Is it a business decision or a cultural legacy?

Stan: Clearly, Chinese culture respects seniority and Acer does too. There are pros and cons about this particular cultural value. A seniority system may slow down the development of our company. However, since we are in a Chinese society, we have to respect seniority. Respecting seniority delivers an important message to our employees in Acer. The message is that if you are dedicated to your work and devoted to Acer, the company will take care of you even when you are no longer able to make significant contributions to the company because of physical conditions or other constraints. We try to place our senior Acer members in appropriate positions so that they can continue to
contribute within their capacity. We do not just kick them out or let them go when they are getting old. Keeping this cultural value may not be beneficial for business development. This is a tradeoff we make that originates in Chinese culture. Some reform is needed but to strike an appropriate balance between tradition and reform takes time. We are doing it though many young people in Acer think that the process of reform in this area is too slow. Even though we are operating in a high technology industry, given we are living in a Chinese society, we need to respect both seniority and talent and try to strike a good balance.

**Q: Would harmony and cohesion describe the relationship among Acer employees?**

Stan: Actually, lack of cohesion is a major problem in Chinese culture. We frequently describe the Chinese as a plateful of sand: they don’t stick together. I try to solve this problem by using common goals and common interests. Our employees’ willingness to remain with the company through the ups and downs is due to our shared vision of “realizing the dragon dream.” For those employees who are willing to take some risks, the company is able to provide them opportunities to realize their dreams. Through stock ownership, Acer and its employees have established a win-win partnership. Since all of us are shareholders, we have a common objective to achieve, which unites Acer employees to work towards the same direction.

**Q: Please tell me more about the stock ownership plan and how is it related to Acer’s management philosophy?**

Stan: When we first introduced stock ownership to all employees, it was a new concept in Taiwan. My belief was that when employees are dedicated to their work in our company over a period of time, they should be rewarded generously, i.e., with a relatively large amount of money. This improves employees’ living standards. Parents of some of our employees sometimes feel a sense of indebtedness to me, as if the employees “owe” a lot to the company for these rewards. I don’t think so. It is not kindness on the part of the company or myself. It is a result of everyone’s hard work.

Stock ownership fosters a sense of shared mission. However, I should emphasize that this commitment and dedication are not just for employees to earn money; both help the company to make profits as well. In Taiwan, when people want to make as much money as their employer does, typically they quit their jobs and start a new business. The motivation to leave comes from their employers’ success. In our company, the emphasis is on teamwork. We struggle together for the company’s success, which belongs to all of us. That’s why the turnover rate is relatively low in our company.

**Q: How do you resolve conflict among employees?**

Stan: In Chinese culture, managing conflict within a peer group is a challenge. We try to avoid having conflict through reducing direct competition. As the Chinese saying goes, “Water from the river never runs into water from the well.” This means that each person is in charge of his/her own area and path. They don’t need to compete or interfere with each other’s work. We do so by creating many platforms, new ventures, and new opportunities for our employees. Each employee can take charge of a different project and each can have his or her own territory. This reduces peer conflict and competition. This can help to avoid the phenomenon that when you promote one person in the organization, his or her peers will leave. We keep the peer group on board by providing them a lot of space to grow and to develop professionally. As a result, Acer employees tend to stay with the company for a long time.

**Q: The concept of family is very important in Chinese culture. How does the idea of family play out in your management philosophy or practice?**

Stan: Family is important to Chinese people and Chinese culture. There are pros and cons when relationships among colleagues are like family. In order to prevent the unfavorable results, we avoid working like a family business in managerial decision making processes, in the employment of relatives, and in other issues related to major shareholders. We try our best to establish a family relationship among colleagues as long as they do not interfere with the effective operation of the company.

A traditional Chinese family business tends to be a “one-man company.” Executives treat company resources as their own. They control all the power and resources. Traditionally, the Chinese approach for someone who starts a business would be to claim that it is my company. I founded it, I own it, and I make the money out of it. These bosses claim they give their employees opportunities to earn money and to have careers, implying that employee wealth comes from the boss. I see things differently. I don’t think what the employees have (i.e., their wealth, their careers) is provided by me. I only consider whether one makes any contribution to the company. At Acer, we recognize everybody’s contribution. It is not whether you do or do not contribute but a matter of more or less. Employees’ contributions vary by their seniority, their ability, and their positions. Everybody is equal. I am one employee, like every other employee in the company.
Q: Why is your mode of thinking and point of view so different from the majority?

Stan: I have tried hard to look for a new mode of thinking apart from the traditional one. This comes from two sources: from my understanding of Chinese culture and from my research and understanding of American and European management. It is obvious that most of the people we work with are Chinese. In this case, there is no point to take an American approach; the most important thing is to make sure Chinese people agree with your philosophy. There are some widely held traditional Chinese concepts that are wrong for today’s business enterprises. How do you change them? I will not tell my employees that these concepts are wrong because they contradict Western thinking. I will simply point out that they are wrong because they no longer work in today’s society. You cannot change a society by adopting a Western style in a wholesale manner. This would not be a solution to the problem. Even if you adopt a western style and manage to make it work, people would think that you are copying everything from the West. They won’t respect you. So, we follow the Chinese mode of thinking, but strive to remove blind spots and enhance it up to new levels of effectiveness. Of course, you can integrate some western ideas into your management style; this would be suitable and acceptable in our society. However, we implement the new ideas using Chinese style.

There are some basic Chinese principles, such as “respect the old and the wise” that we do not want to discard totally. On the other hand, if we do not make any modification to our traditional thinking, the young cannot display talent. So while we accept the traditional way of thinking as given, we educate our senior employees not to be fixated on their present positions but to be willing to yield them to the younger and more talented ones. I said something like this from the first day of Acer. This has become part of our culture. That is, this company belongs to all of us, and we work to benefit all of us. Whatever positions you are in, as long as you work hard to contribute, you will be protected and respected. Our senior employees do not want to be scolded as “old thieves” by young people.

Q: How would you describe the corporate culture of Acer? To what extent does it reflect or integrate Chinese culture?

Stan: At the very beginning, we didn’t have a set of well-organized slogans to express our corporate cultural values. Since 1976, the slogans have been introduced one by one. The first one I introduced was “human nature is basically good”. Then I introduced “the achievement of the little entrepreneurs or the little bosses”, “marathon spirit”, and “relay marathon” (to get people to think long term). This was followed by “tutors who conceal nothing from their students” (to promote learning and sharing among employees) and finally “don’t get into a battle that you cannot afford to lose”. All of these concepts were designed to correct certain weaknesses in the Chinese culture and certain cultural tendencies of our society at the time. People often complain about the weaknesses of Chinese culture. My thinking is very simple. If it is really that lousy, why are we repeating it? Why don’t we create an environment to modify or correct it? The fact that we only talk about the weaknesses and then do nothing about them is part of Chinese culture. I try to create a corporate culture at Acer that combats these societal cultural tendencies.

Q: What are the major challenges of Chinese companies in Asia?

Stan: Times are changing. We used to depend on local service business or protected industries to prosper and to do business. We focused on businesses such as real estate and financial institutions. These industries will continue to exist. However, the way we manage or the way we do business is totally different now compared to what it was before. In the past, you could make big money by building up the right ties and then become the emperor of the local market. Nowadays, we are faced with the challenges of globalization and liberalization of the market. Moreover, the employees are different. They are intellectuals,
well-educated people. Thus, revolution is needed not only in management practices but also in our fundamental values.

Let me use the company succession process as an example. Many Chinese business founders do not pass the control of their businesses to the next generation until the very end of their lives. Is this the right attitude to enjoy life? Is it really necessary for the founders to work and struggle throughout their entire lives for the business? This is an issue that relates to our cultural values. Perhaps we should concede our control to our successors sooner. Personally, I do not want to become a long-standing CEO. My advice is to cultivate talents and pass on the baton.

Another issue facing Asian companies is the concept of control. Chinese business owners like to maintain total control of their businesses. If you want to retain total control over your company, then the size of your company must be small. If you expand and exercise total control at the same time, you’re digging your own grave. You either let go of control and expand your business, or you keep the size of your business stable and maintain control. You can’t have both.

Q: What is the major challenge facing Acer now?

Stan: We have several challenges. First, we are entering an Internet age, and most products these days are based on the Internet platform. We have to find out if our culture and competency can sustain our competitiveness. Second, human resources. What are the most effective approaches to recruit, develop, and sustain human resources and develop talents? Third, we need to strengthen our service arm in the European and American markets. We are doing quite well in the component and peripherals business in the European and US markets. But, brand name products should provide top-notch services. We need more talents for our globalization efforts. We are doing very well in Germany and Italy, because of the management team there, not because of the products. People are the key.

Profile of Acer and its CEO Mr. Stan Shih

Acer Group is among the top ten PC brands worldwide, with 1998 revenues of US$6.7 billion. The company employs more than 28,000 employees at its 120 affiliates in 44 countries. Acer is also the third largest PC producer in the world, the tenth largest brand in desktops, the seventh largest producer of laptops and the sixth largest producer of servers. Last year, Acer produced 7.5 million PCs and 3.9 million monitors. Acer was named one of the World’s 100 Best Managed Companies by Industry Week in 1996, 1997, and 1998. It was also selected as number one in Overall Leadership by Far Eastern Economic Review in 1996, 1997, and 1998. It was named among Asia’s Most Admired Companies in 1997 and 1998 by Asian Business. Mr. Stan Shih co-founded the Acer Group in 1976. Currently, the group focuses on development, manufacturing, and marketing of personal computers, motherboards, communications products, computer peripherals, semiconductors, and consumer electronics. Acer is aggressively moving into other fields as well, including Internet services, application software and venture capital management.

Mr. Stan Shih is the Chairman, CEO, and Co-founder of the Acer Group. Mr. Shih has received many awards for his accomplishments and for the success of his company. In a special issue of Fortune in 1989, Mr. Shih was chosen as one of the “25 people You ought to Know for Doing Business in Asia”. Fortune noted that “Shih has created the first Asian company beyond Japan to score big with innovative computer products under its own brand”. He was on the cover of Business Asia (1998); was elected into the Business Hall of Fame by Asia Week (1997); was named as one of “The 25 Top Managers of the Year” by Business Week (1996) and one of the “The Best Managers of the past 15 years” by World Executive’s Digest (1995). Mr. Shih was born, raised and educated in Taiwan. He obtained three degrees from universities there. Mr. Shih has succeeded in blending Chinese culture and western management concepts in leading his company in the global marketplace and in an extremely competitive industry.

\footnote{In contemporary Chinese usage, old thieves (laozei) refer to a group of elected representatives in Taiwan. They were elected to their seats in China before 1949. When the Communists took over China in 1949, they fled to Taiwan with the Nationalist government. Because the Nationalist government claimed sovereignty over all of China and because it was impossible to run reelections on the Chinese mainland, they became “permanent” representatives with their terms renewed for several decades. They were eventually forced out in late 1980s and early 1990s when many of them were in their late 70s and 80s. Old thieves then becomes a term to refer to those who no longer function effectively in their positions but still wish to hold on and refuse to yield to the younger generation.}
Conflict is ubiquitous in organizational life, from disagreements over departmental goals or methods of achieving those goals to interpersonal arguments between individual employees. While conflict can actually be beneficial when it brings out new ideas leading to more efficient or effective organizational actions, interpersonally focused conflict rarely has positive consequences. Learning how to manage and control this type of negative conflict is important for every organization’s smooth functioning.

A recent study by Hang Lung Center faculty affiliate Dr. Anne Lytle has begun to explore the management of negative interpersonal conflict in the context of Chinese organizations. In a study of working Chinese employees, she discovered that the typical Chinese responses to conflict were unique from other cultures, reflecting a relationship-oriented attitude, a concern for saving face, a focus on analysis and problem solving, and a deference to higher authority.

For example, the study found that over 80 percent of employees involved in an interpersonal conflict preferred that their superior or a higher authority take responsibility to solve the problem rather than addressing the problem themselves or getting assistance from organizational peers. Furthermore, employees preferred that the superior address the problem by careful analysis, by discovering the relevant facts, analyzing them, and then making a decision to be followed by the employees.

These findings have important implications for managerial practice in China. While Western-based research suggests that managers focus on facilitative techniques to give employees ownership over their problems and associated solutions, this study suggests that Chinese employees do not prefer such methods. Rather, employees would rather their managers learn the skills to discover effective information about the conflict, analyse it, and then make responsible decisions to solve conflicts between their subordinates.

People at HLCOR

Dr. John Child is Diageo Professor of Management at the University of Cambridge and also Distinguished Visiting Professor at the University of Hong Kong where he directs the Chinese Management Research Group. He has written extensively about Chinese business practice and has published over forty articles. His current research examines total compensation and incentive systems in enterprises in China, including multinationals, town- and state-owned enterprises, and joint ventures.

Dr. Oded Shenkar holds the Ford Motor Company designated Chair in Global Business Management at the Fisher College of Business, the Ohio State University. He holds B.A. and MSc. degrees in East Asian (Chinese and Japanese) studies and organizational sociology from the Hebrew University and M.Phil. and Ph.D. degrees from Columbia University. Professor Shenkar’s main interests are Chinese inward and outward foreign investment and the reform of the Chinese state-owned enterprise. He has numerous publications on China in leading journals.

Dr. Andrew Walder is Professor of Sociology and Senior Fellow of the Institute of International Studies at Stanford University. One of his main current interests is the ways in which China’s economic reforms have affected individual career patterns and reward patterns in urban workplaces. He has written about labor relations and industrial management in China. In recent years, he has published studies of financial and taxation reforms in Chinese industries and of the changing role of government in the recent rapid industrialization of rural China.

Dr. Kuo-Shu Yang is the Vice President of Academia Sinica in Taiwan. His research interest has been in the systematic study of Chinese personality and social behavior and their changes under the impact of social change, especially Chinese social orientation, Chinese Big Five, personality perception, traditionalism and modernity, yuan belief, familism, filial piety, and family socialization from an indigenous perspective. Orchestrating a group of Chinese psychologists in Taiwan, Hong Kong, Mainland China, he has been striving to promote an academic movement for the indigenization of psychological research in Chinese societies. He is Editor of Indigenous Psychological Research in Chinese Societies. He is the author and editor of more than 20 books and has published about 140 academic papers in Chinese and English.

Dr. Shuming Zhao is Dean and Professor of the School of International Management from Claremont Graduate University in 1990. He has authored 20 books and published more than one hundred articles and academic papers. He is an accomplished scholar in the field of human resource management and multinational business management in P.R. China.

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