Today's State-Owned Enterprises of China:

Are They Dying Dinosaurs or Dynamic Dynamos?

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Summary

This paper raises the question and provides empirical evidence regarding the status of the evolution of the state-owned enterprises (SOEs) in China today. In this study, we compare the SOEs to domestic private-owned enterprises (POEs) and foreign-controlled businesses (FCBs) in the context of their organizational cultures. While a new ownership form, many of the POEs, evolved from former collectives that reflect the traditional values of Chinese business. Conversely, the FCBs are much more indicative of the large global MNCs. Therefore, we look at the SOEs in the context of these two reference points. We conclude that the SOEs of today have substantially transformed to approximate a configuration desired by the Chinese government when it began the SOE transformation a couple of decades ago to make them globally competitive. The SOEs of today appear to be appropriately described as China's economic dynamic dynamo for the future.

Keywords: China
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State-owned enterprise
Privately-owned enterprise
Foreign-controlled business

Recognizing the importance of China to the global economy was well chronicled over a decade ago (*Economist*, 1994; Tung, 1988). More recently, the importance of recognizing the differences within China and Chinese business behaviors has also been acknowledged in the literature (Boisot and Child, 1996; Child and Stewart, 1997; Deshpandé and Farley, 2002; Ralston, Egri, Stewart, Terpstra and Yu, 1999; Ralston, Yu, Wang, Terpstra and He, 1996). In this study, we assess the differences in the organizational cultures of the various Chinese ownership types, with ours focus on the state-owned enterprise (SOE) ownership type that has dominated Chinese business since the advent of communism (Holz, 2003).

After two and a half decades of reform, China's SOEs no longer totally dominate the economy. Nevertheless, that does not undermine the sector's significance to the country. It has been China's ambition to build a national team in several key industries–including automotive, pharmaceutical, electronics and petrochemical–in which SOEs have a dominant presence (Nolan, 2001). The sector's reform is still viewed as a major concern in the country's overall economic reform and one of the potential stumbling blocks to China's sustained economic growth and social stability (e.g. Dong, 2000; Lin *et al*., 1996, 2001). From an organizational point of view, these twenty-plus years of reforms have involved considerable effort to change the state firms' internal culture and its relationship with the external environment. However, the question that remains is: Has China been able to remake the SOEs into the dynamic dynamos that will power this economy in the 21st century or do the SOEs remain the archaic dying dinosaurs of Chinas' economic past?

to investigate this question, we studied the organizational cultures of SOEs, together with domestic private enterprises and foreign-controlled businesses. Our reasons for choosing to focus our attention upon organizational culture as the indicator of change in SOEs are two-fold. First, organizational culture has been established as an important factor in improving organizational effectiveness and strategic competitive advantage (Barney, 2002; Deal and Kennedy, 1982; Lund, 2003; Peters and Waterman, 1982; Wilkins and Ouchi, 1983). Whereas there are alternative types of organizational cultures, the relationship between organizational culture and performance is contingent upon the adaptability to and fit with an organization's environment (Barney, 2002; Denison, 1990; Deshpandé and Farley, 2000; Gordon and DiTomaso, 1992). Moreover, the successful implementation of organizational change efforts such as TQM and downsizing also depend on being embedded in an integrative culture change strategy (Cameron, 1994). Culture change is thus a necessary pre-condition for organizational change efforts to take place and be sustained within the organization. Second, although we do not have complete consensus on the definition of organizational culture (Martin and Frost, 1996; O'Reilly and Chatman, 1996), there is general agreement that it is a holistic concept that covers a wide spectrum of organizational issues. As Alvesson (2002) noted, a "culture focus offers a very inspiring and creative way of understanding organizations, management and working life." Thus, organizational culture, both as a concept and an organizational phenomenon, is broad and inclusive in scope. Therefore, the organizational culture perspective provides a multi-dimensional approach for investigating the influence of China's reforms on the SOE sector.

The plan for the remainder of the paper will be to present a brief overview of the major ownership forms in China, domestic privately-owned enterprises (POEs), foreign-controlled businesses (FCBs), and state-owned enterprises (SOEs). Then, we provide a brief discussion of the efforts in China over the past two decades to transform the SOEs into entities that are viable in a global market economy. We conclude this section with a contrast of the effort made to transform these SOEs with the lack of effort made to influence/assist the transformation of the smaller enterprises into the new domestic private enterprise type. This distinction is important because the thesis of the hypotheses will be: if the SOE organizational cultures are more like those of the foreign-controlled businesses than those of the domestic privately-owned enterprises, then we can interpret the previous reform efforts as having succeeded in detaching the SOEs from the old values and practices of China's former command economy. In turn, we will elaborate upon the validity of organizational culture as a measure of the degree of SOE transition, with hypotheses being developed from this discussion. Finally, following the presentation of the results relevant to these hypotheses, we discuss their implications for business practitioners as well as for future research endeavors.

A Brief Overview of the Development of Ownership Types

For this cross-ownership comparison of organizational culture, we selected three major ownership types that have been the focus of current enterprise management research in China: state-owned enterprises, domestic privately-owned enterprises, and foreign-funded and controlled businesses. Each of these three types of ownership is well established in China today (Holz, 2003).

Domestic Privately-owned enterprises (POEs). Driven by entrepreneurs who try to capture the opportunities arising from the changing economic environment, domestic private businesses have been gradually permeating the economy. While new POEs have emerged following the change in the laws, many of today's POE began as collectives (IFC, 2000: 20-21). Some were formerly rented-out collectives where private entrepreneurs have been allowed to operate them on leasing terms, often with the option of taking the collective private over time. Others were township and village enterprises (TVEs) or small SOEs. For example, beginning in 1995, the state adopted the "grasp the large and let go the small" SOE reform policy, resulting in some of the small SOEs being sold off to private individuals.

Chronologically, it was not until 1997 that POEs were recognized as an important component of the economy. Subsequently in 1999, private ownership and the rule of law were incorporated into the Chinese Constitution, but only personal belongings were protected from nationalization. Additionally, private business people were denied party membership until 2002. In March, 2004, private assets and capital were finally legalized and protected by the country's constitution (IFC, 2000: 10-19; Wang, 2004). As a result, before receiving official endorsement, POEs had to operate in a restricted business environment. They were denied entrance into certain industries, paid higher taxes, had limited access to loans from state banks, market information, land and other resources, and oftentimes encountered interference from local governments (Asian Development Bank, 2002; IFC 2000:35-59). To date, some of this discriminatory environment still exists (O'Neil, 2004). Thus, many of these not "indigenous" private firms have long histories of operation before they became private, with the cultures of these non-indigenous private firms tending to reflect some of the traditional values inherited from the former ownership type. In sum, until very recently, POEs were not extended the same level of encouragement or reward to transition, as were the SOEs.

Notwithstanding the less-than-favorable institutional environment, this sector is considered to be the most dynamic component in China's economy, as evidenced by the sector's high growth in productivity. Recent statistics indicate that the domestic private sector contributes more than one-third of the country's GDP (Asian Development Bank, 2002; IFC, 2000; Rawski, 2000). Moreover, unlike foreign-funded companies that are export-driven, domestic private firms produce goods and services primarily for domestic markets.

Foreign-controlled business (FCB). China's "open door" policy made foreign investment a key component of the country's overall development plan and offered preferential policies to attract foreign capital. As a result, sino-foreign joint venture and wholly-owned foreign companies have been flourishing in China (Studwell, 2002). By 2002, foreign-funded enterprises accounted for 12 percent of the national total investment and 17 percent of gross industrial output (National Bureau of Statistics, 2003: 459, 469). Many sino-foreign joint ventures are shareholding companies founded on the basis of pre-existing SOEs or collectives. The Chinese partner usually contributed land, buildings and *guanxi* (personal network connections) while the foreign partners provided one or more of the following: technology, know-how, equipment, capital, management and marketing experience and good will. Joint ventures' operations and management are usually structured in parallel to their parent companies. Because of the dominant foreign influence in sino-foreign joint ventures, for this study, we label them together with the wholly foreign-owned companies as foreign-controlled business. Compared to SOEs and domestic privately-owned enterprises, FCBs are most exposed to foreign culture and values, and are more likely to experience non-Chinese management styles.

State-owned enterprises (SOEs). China's SOEs were wholly owned by the state until early 1990s when the central government decided to list some large state firms and sell off small state enterprises (Lin *et al*., 2001). Given the growth of the non-state sectors together with the reform measures to downsize and restructure SOEs, the state sector has been shrinking and thus it does not command the same importance in the economy as it did pre-reform. Nevertheless, SOEs still contribute a significant share to the economy's output. This is particularly true for the sectors that the state views as having strategic value such as, raw materials, petrochemical, telecommunication, and banking. In 2002, there were 30,000 wholly state-owned firms that produced 16 percent of gross industrial output and employed 15 million (14 percent) of the country's industrial workforce (National Bureau of Statistics, 2003: 459-460).

The Changes and Challenges for the SOEs under Reform

The Internal Changes. Enterprise managers have been given autonomy over pricing, investments, accounting, human resources, material supply and acquisition, and other decisions related to the enterprise operations, which were absent under the former planned economy (e.g. Child, 1987, 1999; Lin *et al*., 1996, 2001; Naughton, 1995). The bonus system, which had been abolished during the Cultural Revolution period, was reintroduced to reward performance with the goal being to improve the work motivation of employees (Chen, 1995). New hires since the mid-1980s are no longer given life-long positions, but are given short-term renewable contracts instead (Tenev, Zhang, and Brefort, 2002). Substantial downsizing in the last few years has sent a clear signal to the whole state sector that employment at SOEs can be terminated well before the official retirement age. The need for improved efficiency epitomizes the performance mantra of the new SOEs. As part of the efforts to reduce redundancy, extensive training and re-training programs have been organized to help employees adapt to the challenges of new work demands. In addition, the adoption of the modern enterprise system (MES) in the early 1990s has forced SOEs to re-structure, with the objective being to model themselves on Western management philosophy. MES subjects enterprise management to the scrutiny of supervisory committees and boards of directors, as well as the scrutiny of investors in public SOEs. (Tenev *et al*., 2002; World Bank, 1997). In sum, the internal work environments of the SOEs are no longer stable and static but are increasingly dynamic and challenging.

The External Challenges. In most sectors, China's SOEs have faced intense competition and pressure to become more efficient since the 1980s. The emergence of the domestic private sector, as well as the growth of the foreign-controlled business sector has brought unprecedented challenges to the state enterprises. China's recent admission to the WTO has invited even more foreign direct competition in formerly protected sectors such as financial institutions, telecommunications, automobiles, pharmaceuticals, and petrochemicals (China Business Review, 2000; Panitchpakdi and Clifford, 2002). The de-regulation of these sectors has presented an increasingly level playing field for all firms, irrespective of their ownership type (Lin *et al*., 2001). Furthermore, China's general business regulatory environment has also changed. The introduction of international accounting practices and the enactment of "Company Law" in 1993 laid the foundation to make possible the use of profit as a measure of efficiency (Steinfeld, 1998). The introduction and subsequent revision of the "Bankruptcy Law" throughout the 1990s, together with other measures aimed at enforcing budget discipline in SOEs, have laid the necessary infrastructure to punish business failure (Steinfeld, 1998).

Given these reform efforts to change SOEs' organizational cultures to address the economic challenges of the external environment, the issue that we address in this paper is the degree to which current SOEs still reflect the old pre-reform ways of doing business versus the degree to which the reforms have truly evolved the SOE ownership type into a new globally competitive organizational structure. Thus, the question that we now face is: *How* might we best assess whether SOEs are China's dying dinosaurs or whether they are new dynamic dynamos? In the next section, we provide a theoretical framework of organizational culture and discuss it as a useful construct for assessing the degree of transition experienced by SOEs in China.

Organizational Culture

Definitions and Dimensions

Schein (1992) defined organizational culture as, "*a pattern of shared basic assumptions* that the group learned as it solved its problems of *external adaptation and internal integration* that has worked well enough to be considered valid and therefore to be taught to new members as the correct way to perceive, think and feel in relation to those problems." Similarly, Deshpandé and Webster (1989, p.4) proposed that organizational culture is "the pattern of shared values and beliefs that help individuals understand organizational functioning and thus provide them with norms for behaviors in the organization." As identified by these definitions, the concept of organizational culture is concerned with the values, beliefs, assumptions, and norms that inform organizational processes and behaviors.

Although there is consensus regarding the importance of organizational culture as a key ingredient for organizational effectiveness, Martin and Frost (1996) characterized the organization culture literature as diverse, with conflicting theoretical and methodological research perspectives that reflects the perennial methodological debate between qualitative ethnographic researchers (e.g., Alvesson, 2002; Schein, 1992) and quantitative survey researchers (e.g., Cameron and Quinn, 1999; Cooke and Rousseau, 1988; Denison, 1990; Kilmann, 1985; O'Reilly and Chatman, 1996). Thus, there remains considerable debate regarding the measurement, manifestations, and dimensions of organizational culture (Detert, Schroeder, and Mauriel, 2000; Martin and Frost, 1996). Even so, Detert *et al.*'s (2000) integrative review of the literature identified eight common dimensions of organizational culture.

The basis of truth and rationality in the organization. This dimension refers to the way an organization assesses reality and how rationality is applied in decision making.

The nature of time and time horizon. The nature of time relates to how time is defined, measured, and valued in the organization. The time horizon orientation of an organization is reflected in the length of strategic planning and goals that management pursues.

Motivation. The motivation dimension relates to basic assumptions about what drives people to work. That is, whether employees are motivated by intrinsic or extrinsic rewards, and whether employees by nature are good or bad.

Stability versus change/innovation. This dimension relates to an organization's collective attitude on change, including the extent to which employees are open to change, willing to take risks, and value innovation

Orientation to work, task, and coworkers. This dimension is concerned with how individuals in an organization view the relationship between work and life, and how they view relationships with co-workers. At the two extremes of the continuum are work-for-life and live-to-work. Individuals in live-to-work type organizations place higher concern on work accomplishment and productivity whereas those in work-for-life type organizations place higher value on social relationships with co-workers and relatively less importance on productivity.

Isolation versus collaboration/cooperation. This dimension relates to how work is structured in an organization. Specifically, it is about the extent to which an organization emphasizes individual work (isolation) or group work (collaboration/cooperation).

Control/coordination, and responsibility. This dimension focuses on the degree to which the organization exercises control over its members. On one end, the control may be tight or concentrated whereas the other end, organizations exercise loose control and individuals are given substantial autonomy and responsibility.

Thus, in selecting an appropriate measure of organization culture for our study, one important consideration was to identify a measure that incorporated the essence of these commonly accepted dimensions into its structure. Equally importantly, we also wanted to identify a measure that would be valid for a study in China, the geographic location of our research.

Competing Values Framework

One challenge in selecting an organizational culture measure for this study is the variety of organizational culture models that have been developed (Detert *et al*., 2000; Martin, 1992; Martin and Frost, 1996). Primary among these are the Competing Values Framework (Cameron and Ettington, 1988; Cameron and Quinn, 1999; Quinn and Rohrbaugh, 1983), the Organizational Culture Survey which is conceptually similar to the Competing Values Framework (Denison, 1990; Denison and Mishra, 1995), the Organization Culture Inventory (Cooke and Rousseau, 1988), and the Organizational Culture Profile (O'Reilly, Chatman, and Caldwell, 1991)..

All of these are 'circumplex' models with multiple culture types. Given our interest in identifying a theoretically based organizational culture model that not only incorporated the aforementioned eight organizational culture dimensions, and had been empirically validated in cross-cultural research, specifically in China, our investigation led us to select Cameron and Quinn's (1999) Competing Values Framework (CVF) as our research instrument.

Selection of the CVF. The CVF is an integrative theoretical model that explicitly incorporates five of the eight common culture dimensions (stability vs. change; orientation to work, task, and coworkers; isolation vs. collaboration/cooperation; control, coordination, and responsibility; orientation and focus) while also addressing, in principle, the other three organizational culture dimensions. Furthermore, numerous studies have established the construct validity of the CVF dimensions (Gordon, 1985; Howard, 1998; Kalliath, Bluedorn, and Gillespie, 1995; Quinn and Spreitzer, 1991). In addition, there has been extensive international research using the CVF to investigate the influence of organizational culture on organizational change initiatives and performance (e.g., Al-Khalifa and Aspinwall, 2001; Deshpandé and Farley, 2004; Lamond, 2003; Sousa-Poza, Nystrom, and Wiebe, 2001). More importantly, of the various organizational culture models, the CVF is the only one that has been extensively used with Chinese and Asian samples (e.g., Deshpandé and Farley, 2004; Kwan and Walker, 2004).

Development of the CVF. The CVF model was initially based on research to identify indicators of organizational effectiveness (Quinn and Rohrbaugh, 1981, 1983). A major strength of the Competing Values model is that it provides a conceptual map of organizational effectiveness that is based on four primary traditions in management and organizational theory (Patterson, West, Shackleton, Dawson, Lawthom, Maitlis, Robinson and Wallace, 2005). Quinn and Rorhbaugh (1981) identified two primary effectiveness dimensions. One dimension differentiates effectiveness criteria that emphasize flexibility and dynamism from criteria that emphasize stability and control. The second dimension differentiates criteria that emphasize an internal-orientation and integration from criteria that focus on an external-orientation and differentiation.

Cameron and Ettington (1988) later adopted the Competing Values model to identify four distinctive types of organizational culture. As shown in Figure 1, the vertical axis of the CVF represents an organizational emphasis on flexibility/discretion or control/stability, while the horizontal axis represents an organizational focus on internal maintenance (smoothing, uniformity, order) or external positioning and differentiation (competition). The lower right quadrant (Market culture) identifies an external and control focus, while the upper left quadrant (Clan) identifies an internal and flexible focus. Alternatively, the upper right quadrant (Adhocracy culture) emphasizes an external and flexible focus, while the lower left quadrant (Hierarchy culture) emphasizes an internal and control focus.

The measure of each of these four CVF culture types is based on Cameron and Ettington's (1988) research that found that individuals describe and interpret the culture of their organization by accessing information about six content areas. These culture content areas are: [1] the dominant characteristics of the organization; [2] the dominant leadership style and approach; [3] the management of employees; [4] the organization glue or bonding mechanisms that hold the organization together; [5] the strategies and management emphases presented in the organization; and [6] the criteria of success that determine how organizational success is defined and rewarded. These six content areas are used to identify the four organizational culture types that reflect fundamental organizational cultural values and implicit assumptions about the way the organization functions (Cameron and Quinn, 1999). Therefore, by having organization members respond to questions about these content areas, the underlying organizational culture can be identified.

Insert Figure 1 about here

In sum, the Competing Values Framework can be used to identify the values of the organization that form its culture as well as to compare organizations in terms of the relative importance of various organizational culture values. Thus, for this study, the CVF provides a meaningful *post hoc* understanding of the impact that the reforms of the past 20 years have had upon the SOEs of China, especially when compared to POEs and FCBs.

Hypotheses

While organizations typically emphasize a particular cultural type, the CVF also recognizes that elements of other organizational culture types are often present concurrently (Cameron and Quinn, 1999; Deshpandé, Farley, and Webster, 1993. Thus, we developed our hypotheses in terms of the degree of organizational culture type rather than in terms of one culture type to the exclusion of other culture types.

This multi-domain organizational culture perspective implies that there will be domain patterns for each ownership type group. That is, the various organizational cultures will be more or less emphasized within each group. Therefore, before testing the following across-ownership-type hypotheses, we will identify the prominent organizational culture domain pattern across all Chinese business, to establish a baseline for comparison, as well as for each of the three ownership types.

A Comparison of Attributes of the Competing Organizational Culture Types

To develop our hypotheses, we begin by describing the primary attributes of each of Cameron and Quinn's (1999) four Competing Values Framework organizational culture types—Clan (consensual), Adhocracy (entrepreneurial), Hierarchy (bureaucratic), and Market (competitive) as shown in Figure 1. In parentheses are the descriptors that Deshpandé, Farley and Bowman (2004) use for these dimension. Then we identify the primary organizational culture attributes of the three ownership types: POEs, FCBs, and SOEs. We also identify the organizational culture attributes associated with pre-reform SOEs ("dinosaur") and desired SOEs ("dynamo"). Then, we match the attributes of the organizational cultures with the attributes of these ownership types to form the basis for the hypotheses.

Clan Culture (flexibility/internal orientation). The Clan (consensual) culture is like an extended family where leaders act as mentors, facilitators or parent figures. Clan cultures are friendly places to work where people share a lot about their personal values and goals. Teamwork, participation, and consensus are encouraged in Clan cultures, which are held together by interpersonal loyalty, trust, commitment, and tradition. Clan cultures' high concern for people emphasizes the importance of interpersonal relationships, human resource development, team cohesion, and employee morale and commitment.

Adhocracy Culture (flexibility/external orientation). The Adhocracy (entrepreneurial) culture can be characterized as a developing, dynamic, and creative workplace. Employees in this organizational culture are committed to experimentation and innovation. The goal of an Adhocracy culture is to be able to produce innovative products and services and adapt quickly to new strategic opportunities. Individual initiative, freedom, and continuous improvement are seen as the key ingredients for being on the cutting-edge of product or service leadership.

Market Culture (control/external orientation). The Market (competitive) culture is a hard-driving organization in which people are expected to be aggressive and goal-oriented producers. A key attribute of a market culture is its focus on winning in a competitive external environment. A major objective of the results-oriented Market culture is to maximize productivity and profits in order to attain market/sector dominance. This objective is operationalized through measurable goals and carefully defined procedures.

Hierarchy Culture (control/internal orientation). The Hierarchy (bureaucratic) culture has as its dominant attributes formalized rules, procedures, policies, and structures that govern what people do in the organization. The goals of a Hierarchy culture are stability, predictability, and efficiency in organizational operations.

Attributes of the Ownership Types

The primary research question in this study deals with the degree of transition for SOEs over the past twenty-plus years. This question has been posed in terms of whether the SOEs of today are the "pre-reform dinosaurs" of the past or the "desired dynamos" for the future. The goal of the transition efforts by the Chinese government has been to create SOEs that reflect many, but not necessarily all, of the values found in Western market-oriented organizations, as largely epitomized in this study by the FCB cultures. In this section, we describe the attributes of the FCB and POE ownership types, as well as the SOE ownership types as both the "pre-reformed" SOEs and the "desired" SOEs for the future. Of these two SOE types, in reality, only one exists today. In the context of this study, we focus on today's general trend of SOEs, while also acknowledging that there are always exceptions to a trend. We will begin with a description of these two SOE types—pre-reform and desired— with a subsequent description of the FCB and POE types.

Pre-reform SOE. There has been no empirical research that directly examined the organizational culture of a pre-reform SOE prior to the transition period. However, from the description of researchers that studied organizations in Mao's era (e.g. Schurmann, 1968), SOE reform (e.g. Chen 1995, Naughton, 1995; Steinfeld, 1998), and enterprise autonomy (e.g. Child, 1987, 1999; World Bank, 1992), we can draw a picture of what a pre-reform SOE's organizational culture was like. The pre-reform SOE has long been the epitome of the massive collective, where employees usually treated their organization as their family, exemplifying a Clan culture. Because it is also the prototypical organization of a centrally planned, communist government, it did not need to be concerned with external factors. They simply were not relevant in a planned, closed economic system. An internal focus on the key factors of stability and production were the primary goals for the pre-reform SOE. Additionally, these large organizations and government related enterprises had a multitude of standardized procedures and regulations, numerous managerial levels, and promotions based on knowledge of and obedience to these procedures and policies, exemplifying the Hierarchy culture. Thus, a combination of Clan and Hierarchy cultures epitomize the pre-reform SOE ownership type.

Desired SOE. The changes to the SOEs sought by the Chinese government are evolutionary, not revolutionary. As previously discussed, these changes focus primarily on developing a more market-based, external orientation for the SOEs. Concurrently, and relative to the internal management reform desires, the slogan of the SOEs, since the National People's Congress legislated the Enterprise Law in 1993, has been, "clear property rights, clarified rights and responsibilities, separation between government and enterprise and scientific management" (Bai and Enderwick, 2003), where the term scientific management is used to imply the application of Western style management and managerial skills (Bai and Enderwick, 2003; Warner, 1987). Further, SOE managers have been encouraged to pursue Western style management degrees or executive business training and to visit successful companies in their industry in the West. This emphasis on Western management education aims to create organizations that can compete in the world marketplace. However, while the goal of the Chinese government has been to streamline these cumbersome bureaucratic, pre-reform dinosaurs, it was not to eradicate the concept of a formal structure and hierarchical lines of authority that personify the pre-reform SOEs. Notably, research on organizational cultures in reform-era Chinese firms has found that there remains a stronger emphasis on Hierarchy culture values in SOEs than in joint ventures, wholly owned subsidiaries, and private firms in China (Deshpandé and Farley, 2000, 2002). Thus, we propose that the desired SOE ownership type would reflect a combination of both Market and Hierarchy cultures. The Hierarchy cultural component is a constant across pre-reform and desired SOE cultures. The evolution, as illustrated in Figure 2, is a counter-clockwise movement around the quadrants of the Competing Values model away from Clan and onto the Market quadrant. Nonetheless, this is *not* a trivial philosophical shift. As seen in Figure 1, Clan (flexible/internal) and Market (control/external) are opposing or competing values structures. In both the pre-reform and the desired SOE modes, the control orientation is present. Thus, the primary evolutionary challenge, for the desired transition, is for the SOEs to change from an internal to an external orientation.

Insert Figure 2 about here

FCB. Both the FCB and the POE are much newer organizational forms of ownership within the Chinese communist era. The FCB is in diametric opposition to the pre-reform SOE. This form of ownership focuses upon interacting with the external environment. Additionally, it recognizes the need to remain flexible in response to the external environment, which is especially necessary since these FCBs are operating in a transitioning economic system. Thus, a combination of Market and Adhocracy cultures would characterize the FCB ownership type.

POE. A majority of the domestic POEs in China are family-managed business (IFC, 2000: 23). Entrusted family members such as spouse, children and close relatives often assume key managerial positions. As previously mentioned, POEs operate in a rapidly changing and discriminatory institutional context. They tend to be small in scale because of the difficulty in raising funds. POEs appear to share some characteristics with the Western concept of the “Mom and Pop” family-owned business such that there tends to be a strong sense of family along with the need to be entrepreneurial to survive. Compared with SOEs, POEs are much smaller and many do not have well-defined hierarchical structures, possessing an entrepreneurial and family orientation. Thus, a combination of Adhocracy and Clan cultures would epitomize the POE ownership type. As such, the POE culture profile is in diametric opposition to the desired SOE.

In sum, revisiting Figure 2, we see that the pre-reform SOE ownership type emphasizes a combination of Clan and Hierarchy cultures, the desired SOE ownership type is a combination of the Hierarchy and Market cultures, the FCB ownership type is a combination of the Market and Adhocracy cultures, and the POE ownership type is a combination of the Adhocracy and Clan cultures. Based on the definitions of the four organizational cultures, in conjunction with the descriptions of the attributes epitomizing the four ownership types (including the two variations for SOEs), we developed the following four sets of hypotheses.

Clan culture hypotheses. The POEs and the pre-reform SOEs should share a strong Clan orientation, while the FCBs and the desired SOEs would share a significantly less strong Clan culture. Therefore, we hypothesize:

H1a: On the Clan culture dimension, POEs will score higher than FCBs.

H1b: On the Clan culture dimension, pre-reform SOEs will score higher than FCBs.

H1c: On the Clan culture dimension, POEs will score higher than desired SOEs.

Given, that there is only one SOE type, we intend to use hypotheses 1b and 1c to indicate the extent to which the data for SOEs today reflect the attributes of the pre-reform SOEs versus the attributes of the desired SOEs. In essence, if hypothesis 1b is accepted and 1c is rejected, the SOEs of today will reflect the culture of the pre-reform SOE culture. Conversely, if hypothesis 1b is rejected and 1c is accepted, the SOEs of today will reflect the culture of the desired SOE culture.

Market culture hypotheses. As proposed by the Competing Values Framework, the Market culture hypothesis is in direct contrast with the Clan hypothesis. Thus, the FCBs and the desired

SOEs should share a strong Market orientation, while the POEs and the pre-reform SOEs would share a significantly less strong Market culture orientation. Therefore, we hypothesize:

H2a: On the Market culture dimension, FCBs will score higher than POEs.

H2b: On the Market culture dimension, FCBs will score higher than pre-reform SOEs.

H2c: On the Market culture dimension, desired SOEs will score higher than POEs.

Following the same logic used for Hypothesis 1, if hypothesis 2b is accepted and 2c is rejected, the SOEs of today will reflect the culture of the pre-reform SOE culture. Conversely, if hypothesis 2b is rejected and 2c is accepted, the SOEs of today will reflect the culture of the desired SOE culture. Hypotheses 1 and 2 are the two primary tests of the impact that two decades of reform have had upon the SOEs. Nonetheless, Hypotheses 3 and 4 are needed to provide information to complete the picture of the relationship among the ownership types.

Adhocracy culture hypotheses. The POEs and the FCBs should share a strong Adhocracy orientation, while the desired SOEs and the pre-reform SOEs would share a significantly less strong Adhocracy culture. Therefore, we hypothesize:

H3a: On the Adhocracy culture dimension, POEs will score higher than SOEs.

H3b: On the Adhocracy culture dimension, FCBs will score higher than SOEs.

Since the pre-reform SOEs and the desired SOEs are hypothesized to be not significantly different from one another on Adhocracy, it did not appear warranted to identify them separately in the formal hypotheses for Adhocracy.

Hierarchy culture hypotheses. The pre-reform SOEs and the desired SOEs should share a strong Hierarchy orientation, while the POEs and the FCBs would share a significantly less strong Hierarchy culture. Therefore, we hypothesize:

H4a: On the Hierarchy culture dimension, SOEs will score higher than POEs.

H4b: On the Hierarchy culture dimension, SOEs will score higher than FCBs.

As with Hypothesis 3, we did not differentiate between pre-reform and desired SOEs. Hypotheses 3 and 4 provide supporting evidence for a discussion of SOE evolution by clarifying the relative relationships of the SOEs with the other ownership types.

Methods

Sample

The sample consisted of 435 Chinese managers from three ownership types: State-owned enterprises (n = 233); privately-owned enterprises (n = 96); and foreign-controlled business (n = 106). The average age of respondents was 35 years, with 72% being male. The average number of years worked was 14 years, with all participants working in the manufacturing industry. The demographic data are presented by ownership type in Table 1.

Insert Table 1 about here

Procedures

The data collection, while administered from Beijing, included a country-wide sampling of companies. The data collection was accomplished in three parts that spanned an eight month period during 2002 and 2003. In all three data collections, the managers came from the different ownership types and geographical location. In the first data collection, 282 responses (64.8% of the total sample) were obtained prior to executive training classes. There was a 94.0% response rate for this part. An additional 109 responses (25.1%) were collected using a mail survey of companies from a data bank of Chinese companies. We had an 18.2% response rate for this part. Finally, the remaining 44 responses (10.1%) were collected in select companies in various regions of China. The response rate to this part was 44.0%. Consistent across all three data collections, participants were provided with anonymity and participation was voluntary. A preliminary analysis across the three parts of the data collection procedure found no significant differences among them. Further, we collected data exclusively in the manufacturing industry, to reduce the possibility of an industry effect, even though recent research in China had not found an industry effect to be a significant factor in culture-based studies (Deshpandé and Farley, 2004; Egri and Ralston, 2004; Ralston et al., 1999).

Instrument

The Organizational Culture Assessment Instrument [OCAI] (Cameron and Quinn, 1999) was used to assess organizational culture. The OCAI instrument consists of 24 short scenario items that asks participants to describe six aspects of culture in their organization (see Cameron and Quinn, 1999: 20-25). The questionnaire used a 9-point Likert-type response scale, ranging from 1 = strongly disagree to 9 = strongly agree. The OCAI was translated from English into Chinese using standard translation—back-translation procedures, where one individual translated the questionnaire from English to Chinese and a second individual back-translated the questionnaire into English. The two translators resolved any translation differences, and when necessary, employed a third party to assist (McGorry, 2000).

Design and Analysis

The first step of the analysis was to assess the internal reliability of the four dimensions using Cronbach's alpha statistic.

Second, using multiple paired t-tests, we examined the relative rankings in acceptability for the four organizational culture dimensions across all ownership types, as well as individually for each of the three ownership types. This information provides insight on the organizational culture domain patterns that predominate across China and within these three Chinese ownership types.

The third step in our analysis was to test the hypotheses using analysis of variance. However, prior to running these tests, as recommended by Cameron and Quinn (1999), we converted the four organizational culture dimensions to standardized scores due to the possibility of cultural differences in responses to questionnaire scale items administered in a language other than English. To eliminate this possible bias, participants' scores for each organizational culture dimension were converted to standardized scores using the following procedure. The overall (grand) mean and standard deviation for the 24 OCAI items were calculated. Then, participants' scores for each dimension were converted to standardized scores using the following equation:

$$SS_{(i,j)} = [S_{(i)} - \mu_{(j)}] / \sigma_{(j)}$$

where, $SS_{(i,j)}$ = the subject's standard score for dimension i in group j , $S_{(i)}$ = subject's score for dimension i, $\mu_{(j)}$ = overall mean of OCAI item scores for group j, and $\sigma_{(j)}$ = overall standard deviation of item scores for group j. The resulting standardized score represents the relative acceptability of an organizational culture dimension for each subject.

We began the testing of the hypotheses by conducting a multivariate analysis of covariance (MANCOVA) using the standardized scores created in the previous step. This MANCOVA consisted of four continuous dependent variables, the dimensions of the CVF (Clan, Adhocracy, Hierarchy and Market), one categorical independent variable, ownership type, which has three levels (SOEs, POEs, and FCBs) and six covariates, which are the demographic variables that are identified in Table 1. If the MANCOVA was significant, univariate analyses of covariance (ANCOVAs) were run using only the demographics found to be significant for each dimension in the MANCOVA. For any dimension where no covariates were significant, the analysis was run as an ANOVA. Finally, for any univariate analysis found to be significant, Bonferroni multiple comparison tests were run to determine the significant differences among the three ownership types.

Results

Reliability Analysis

Reliability was tested using Cronbach alpha coefficient (Vogt, 1993). Generally, a value in the 0.6 to 0.7 range is considered adequate to conclude internal consistency (Fu and Yukl, 2000; Nunnally, 1967). The scale reliabilities for each culture type were: Clan = 0.84, Adhocracy = 0.80, Market = 0.67, and Hierarchy = 0.50. The reliability for Hierarchy did not meet the accepted standards, and thus the results for this dimension might be questioned.

Predominant Organizational Culture Domain Configurations

Across all ownership types. The results of the multiple t-tests on the standardized mean values for each dimension indicate that the organizational culture order of prevalence in China, beginning with the most prevalent, is: Clan (X = .055), Market (X = .012), Hierarchy (X = -.013), and Adhocracy (X = -.053). Both Clan ($p<.001$) and Market ($p<.05$) are significantly more dominant than Adhocracy, with Clan ($p<.10$) also somewhat more dominant than Hierarchy.

Within the SOEs, POEs and FCBs. Within the SOE ownership type, the Market (X = .060), Hierarchy (X = .032) and Clan (X = .006) organizational cultures were not significantly different from one another, while all three were scored significantly higher ($p<.01$) than the Adhocracy (X = -.097) culture. For the POE ownership type, Clan (X = .212) scored significantly higher ($p<.05$) than Adhocracy (X=.055). In turn, Adhocracy was significantly higher ($p<.01$) than Hierarchy (X = -.131) and Market (X = -.136), which were not significantly different from one another. Lastly, for the FCB ownership type, there were no significant differences across the Market (X = .039), Clan (X = .023), Hierarchy (X = -.009) and Adhocracy (X = -.054) organizational culture scores.

Test of the Hypotheses

For the MANCOVA, the Wilks' Lambda (λ=.953, $p<.01$) was significant. None of the covariates were found to contribute significantly to the model, and thus the four univariate analyses were run as ANOVAs. The ANOVA analyses, as reported in Table 2, indicated that all four organizational culture dimensions to be significantly different by ownership type. Therefore, Bonferroni multiple comparison tests were run to identify where the differences were found among the ownership types. These findings are also reported in Table 2.

Insert Table 2 about here

Clan culture hypotheses. In the Bonferroni tests, the POEs scored significantly higher than the FCBs, which supports hypothesis 1a. Additionally, the POEs scored significantly higher than the SOEs, which support hypothesis 1c and rejects hypothesis 1b. These findings support the SOEs fitting the “desired dynamo for the future” description.

Market culture hypotheses. The FCBs scored significantly higher than the POEs, which supports hypothesis 2a. Additionally, the SOEs scored significantly higher than the POEs, which support hypothesis 2c and rejects hypothesis 2b. These findings, as would be predicted by the Competing Values Framework are in direct contrast with those of hypotheses 1b and 1c. The combined findings for Clan (Hypotheses 1b and 1c) and Market (Hypotheses 2b and 2c) provide full support for the SOEs fitting the “desired dynamo” description.

Adhocracy culture hypotheses. The POEs scored significantly higher than the SOEs, which supports hypothesis 4a. However, the POEs were not significantly different from the FCBs, resulting in hypothesis 4b not being supported.

Hierarchy culture hypotheses. The SOEs scored significantly higher than the POEs, which supports hypothesis 3a. However, the SOEs were not significantly different from the FCBs, resulting in hypothesis 3b not being supported. The converse SOE-POE findings for the Adhocracy and Hierarchy cultures are consistent with the Competing Values Framework theory.

Discussion

Organizational Culture Domain Preferences across the Ownership Types

The overall scores for the standardized means indicate that when combined, all Chinese respondents in our study perceived their organizational culture type to be predominantly a Clan culture, which is not unexpected given that the research was carried out in a collectivistic society. Respondents identified Market type as the next most dominant in their organizations. This is an interesting finding since Clan and Market are “competing” styles in the Competing Values Model, with Clan being an internal-oriented, flexible-focused culture and Market being an external-oriented, control-focused culture. However, given the emphasis in China to transition from a centrally planned economy to a market-oriented one, it is reasonable to expect that, during this period of transition, the long-time, pre-reform dominant Chinese culture (Clan) and the desired new culture (Market) would crossverge to be the predominate culture mix of today. These predominant two cultures were followed by Hierarchy and Adhocracy, respectively.

Organizational Culture Domain Preferences within Each Ownership Type

The SOE’s organizational culture mix is largely as one should expect. This mix fits the “mature” stage in an organizational life cycle. This culture mix is also consistent with what these SOEs were, as well as reflecting to what they are aspiring and evolving. They are now embracing an external (Market) view in conjunction with the more traditional Clan/Hierarchy orientation. Additionally, they are least focused on innovation and change, the Adhocracy quadrant, which is generally where new and small organizations start out. In stark contrast, the POEs are definitely oriented towards the flexibility competencies (Clan and Adhocracy) with slightly higher emphasis on the people-development competencies of the Clan orientation and much lower emphasis on structure and control, whether internal (Hierarchy) or external (Market). This illustrates the entrepreneurial profile well and is what one would expect for companies created by an entirely new form of ownership. Lastly, the FCBs have balance across the four organizational culture types. This suggests that they are simultaneously accommodating the very diverse needs of the traditional Chinese culture with the demands of a market economy. In sum, we found that each ownership type is characterized by a unique culture-mix. The question that we now turn to, as described by the hypotheses, is: Do the SOEs reflect more the desired, new culture or the pre-reform, old SOE culture?

Test of the Hypotheses

The results of hypothesis testing strongly suggest that the culture profile of the typical SOE of today is substantially similar to that of FCB ownership type, but substantially different from that of POE ownership. Contrary to previous research (Deshpandé and Farley, 2000, 2002), FCBs and SOEs are not distinguishable from one another for any of the four organizational cultures. Given the rapidly transitioning nature of Chinese business, this direction in the discrepancy of these findings, is more expected than not. Further, we found that POEs, relative to SOEs, score significantly higher on the Clan and Adhocracy dimensions and significantly lower on both Market and Hierarchy dimensions. These results suggest that today's SOEs share similar characteristics with FCBs in their dominant characteristics, leadership styles, management of employees, bonding mechanism, strategic orientation and criteria of success. This is an indication that SOEs have assimilated numerous core business values and practices of Western market-oriented companies, as was the Chinese government's goal with the transition movement. Thus, we conclude that today's SOEs are no longer like the dinosaurs of their pre-reform past, but are much more like the desired dynamo that was sought. This is understandable in the sense that management education or learning the Western-style management theories and practices has been a priority in the country's reform strategy (Warner, 1987). SOEs managers, who have been influenced by what they have learned about Western business practices, have apparently applied them in their organizations.

Limitations and Future Research Opportunities

Our results should be interpreted within the context of the study's limitations. First, although the guarantee of anonymity for respondents should help to lessen the social desirability of responses, concerns about using perception measures are warranted (Sharfman, Pinkston, and Sigerstad, 2000). Response consistency and common method variance are two issues that survey research must always acknowledge. Given that individual appraisals and perceptions of corporate culture are the key to understanding their culture, as well as the transaction between the person and the environment (Lazarus, 1995), then the operationalization of the variables with management perceptions appears to be the most appropriate way to obtain valid information. Also, a meta-analytic study (Crampton and Wagner, 1994) has indicated that self-report of psychometric properties, including organizational culture, produced inflationary effects only about one-fourth of the time, and in more than half of the instances (62%) no inflationary effects occurred at all. Crampton and Wagner (1994) also found that some variables, including the organizational culture variable, seem less likely to be affected by common method variance than others.

Second, it is recognized that another potential limitation is that we only collected data in one industry, which causes an issue regarding the generalizability of our study findings. Thus, these results may or may not generalize to firms in other industries. However, Child (1981) has found that industrialized business organizations have become more similar in terms of contextual variables such as complexity, formalization and centralization, which lead to common business practices and in turn to similar managerial values (Negandhi 1975; Ralston, Gustafson, Cheung, and Terpstra, 1993). Nonetheless, future research should investigate similar enterprises that cross different industries in China, as well as in other transitioning countries.

Third, having a single respondent, instead of multiple respondents, represent each company could be a limitation if the response were not representative of the company's culture. Previous research has used both multiple and single respondent methods. For example, Denison, Haaland

and Goetzer (2004) used multiple respondents per company in their seven-country study of organizational culture. Conversely, organizational culture studies based on single respondent data include Fey and Denison's (2003) study of organizational cultures in foreign-owned firms in Russia, while Denison and Mishra's (1995) study confirmed the relationship between organizational culture and effectiveness. Further, although Deshpandé, Farley and Bowman (2004) used manager dyads to measure organization culture across six Asian countries, including China, they also consistently found high inter-rater reliability for the CVF measures. These results imply that the need for multiple respondents with the CVF instrument, while preferable, may not be critical.

Finally, since we did not have comparable empirical data on the pre-reform SOEs from the 1950's and 60s, we needed to develop our description of the pre-reform SOE based on a collection of descriptions of SOEs and not on identical data collected pre-transition. Thus, future research is needed not only to replicate our study, but also to create a longitudinal assessment of the SOE evolution in China. Likewise, a longitudinal analysis would permit the development of a stronger case for cause-effect inferences (Gollub and Reichardt, 1987), which would mean a better examination of the causality relationship between economic ownership and organizational culture.

Conclusions

With China's entry into the WTO, the sustainability of its economic success depends on how effectively the firms in China, especially the SOEs, can continue to restructure themselves to align with the emerging socialist market economy in China. However, to date, there has been a paucity of empirical research examining how changes in these organizations would affect their functioning, including their organizational cultures and employee behaviors. Most previous studies have been descriptive in nature (e.g. Eiteman, 1990). Thus, having empirical evidence to help us to understand the organizational cultures of the different ownership types has become increasingly important (Kelly and Luo, 1999; Tsui and Lau, 2002), since organizational culture has been shown to be a prime indicator of organizational strategy and behavior (Barney, 2002; Deshpandé and Farley, 2004). Although organizational culture has typically been treated as a predictor variable that is antecedent to a potential outcome (e.g., performance), organizational culture as a dependent variable has brought to light its relevance in assessing the economic structure of organizations.

Thus, in this study, we assessed the relationships between ownership types and organizational culture to examine whether the organizational culture of all ownership types is similar due to the underlying common communist Chinese cultural influences or whether organizational cultures vary by economic ownership type due to the uniqueness of these ownership types that are driven by the different business ideology influences (Ralston, Holt, Terpstra, and Yu, 1997) that affect each ownership type. Although our findings in this cross-sectional study do not provide us with the definitive answers to the multitude of issues relevant to the economic transition in China, they do lay a foundation, with baseline empirical data, for further exploration of the organization culture issues within this evolutionary process.

Our findings show that there is a socio-culture influenced based China organizational culture. The data also show that there are distinctive ownership type cultures that evolved from the unique business ideology influences. Our findings indicate that ownership type is the more important factor, supporting the view that the business ideology influences have a more significant impact on organizational culture than do the socio-cultural influences. However, more importantly, our findings present a uniform set of results that consistently supports the view that SOEs in China have transitioned from their pre-reform culture to one that is more consistent with the desires of the Chinese government when it started the SOE reforms a couple of decades ago. These findings are consistent with the conclusion of Granrose, Huang and Reigadas's (2000) review which was that the traditional hierarchical and bureaucratic structures of SOEs have evolved into more market oriented forms. One implication is that it is likely that these SOEs have also evolved into viable economic entities that will dynamically lead the Chinese economy in the 21st century.

Finally, even though our research endeavor was specifically centered on China, our findings may have implications for managers in other cultures as well—especially in other transitioning economies where institutional infrastructures supporting markets for capital, management and labor, and production and technology are similarly not well established (Yiu, Bruton and Lu, 2005). Thus, the ramification of organizational culture on the success of MNCs is a subject to which we believe MNC management should pay attention. Beijing Jeep and Shanghai Automotive, for whom many of their production difficulties can be attributed to issues of organizational culture, exemplify this point (Hoon-Halbeuer, 1999). Recognizing the organization's dominant culture(s) can help management assess their internal strengths and limitations of their strategies (Lund, 2003), and the success in mergers and acquisitions has been shown to depend on the cultural compatibility/match of the merging entities (Nahavandi and Malekzadeh, 1993). Thus, the findings of this study strongly suggest that the SOEs have been re-engineered into viable, world-competitive economic entities. SOEs are alive and well, and, to paraphrase Mark Twain, the rumors of their impending death have been greatly exaggerated. However, future longitudinal research will be needed to fully study the evolution of the SOE as well as the entire Chinese economic transition phenomenon.

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TABLE 1
Participant Demographic Data (n=435) for Each Ownership Type

		SOE (n=233)	POE (n=96)	FCB (n=106)
Age	(mean)	37.6	34.7	30.5
	(std. dev.)	(7.9)	(9.4)	(8.7)
Gender	(% male)	76.2	74.0	73.1
Education	4 or fewer years	0.4	6.3	0.0
	5 to 8 years	3.4	17.7	2.8
	9 to 12 years	35.5	30.2	14.0
	13 to 16 years [bachelors degree]	43.2	33.3	60.7
	masters degree	17.5	12.5	22.4
Years worked	(mean)	17.0	13.0	8.5
	(std. dev.)	(9.1)	(10.8)	(6.5)
Position	professional	9.3	30.9	43.0
	supervisory management	23.1	19.6	27.1
	middle management	50.7	30.9	19.6
	top management	16.9	18.6	10.3
Company size	less than 100 employees	29.1	58.9	27.8
	101 to 1,000 employees	46.1	28.4	39.8
	more than 1,000 employees	24.8	12.7	32.4

TABLE 2
Standardized Means, Standard Deviations, F-tests and Bonferroni Multiple Comparison Test Results for the Three Ownership Types for Each Organization Culture Type

Organization Culture	Ownership Type	Mean	SD	F	Group Differences (p < .05)
Clan	Privately-owned Enterprise	0.21	0.50		
	Foreign-controlled Business	0.02	0.50	6.53***	POE > (FCB & SOE)
	State-Owned Enterprise	0.01	0.46		
Market	State Owned Enterprise	0.06	0.38		
	Foreign-controlled Business	0.04	0.38	8.79***	(FCB & SOE) > POE
	Privately-owned Enterprise	-0.14	0.42		
Adhocracy	Privately-owned Enterprise	0.06	0.35		
	Foreign-controlled Business	-0.05	0.40	4.93**	POE > SOE
	State Owned Enterprise	-0.10	0.41		
Hierarchy	State-Owned Enterprise	0.03	0.43		
	Foreign-controlled Business	-0.01	1.26	4.76**	SOE > POE
	Privately-owned Enterprise	-0.13	0.42		

* p < .05, ** p < .01, *** p < .001.

where: POE = Privately-owner Enterprise; FCB = Foreign-controlled Business; SOE = State-owned Enterprise

FIGURE 1

The Competing Values Model of Organizational Culture

FLEXIBILITY/DISCRETION

Cultural Type: **Clan**

Dominant Attributes: Cohesiveness, participation, teamwork, sense of family

Leadership: Mentor, facilitator

Bonding: Loyalty, tradition, cohesion

Strategy: Developing HR, commitment, morale

Cultural Type: **Adhocracy**

Dominant Attributes: Entrepreneurship, creativity

Leadership: Entrepreneur, innovator, risk-taker

Bonding: Entrepreneurship, flexibility risk

Strategy: Innovation fosters new sources, growth

INTERNAL MAINTENANCE & INTEGRATION

EXTERNAL POSITIONING & DIFFERENTIATION

Cultural Type: **Hierarchy**

Dominant Attributes: Order, regulations, uniformity

Leadership: Coordinator, Administrator

Bonding: Rules, procedures

Strategy: Stability, predictability, smooth operation, control fosters efficiency

Cultural Type: **Market**

Dominant Attributes: Competitiveness, goal-achievement

Leadership: Decisive, achievement-oriented

Bonding: Goal orientation, competition,

Strategy: Competitive advantage and market superiority

CONTROL/STABILITY

Source: Adapted from Cameron & Freeman (1991) and Cameron & Quinn (1999).

FIGURE 2

The Dominant Organizational Culture Clusters for the Ownership Types