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Corporate Strategies in Sino- Foreign Telecommunication Enterprises

Par:

Cynthia Yue Wu

**Département de Communication
Faculté des Arts et des Sciences**

**Memoire présenté à la faculté des études supérieures
en vue de l'obtention du grade de
Maitrise ès Sciences (M.Sc.)
en sciences de la communication**

May, 1998

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Présenté par:

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Il a été évalué par un jury composé des personnes suivantes:

President du jury:	André Caron
Directeur de recherche:	Gilles Brunel
Examineur externe:	Carole Grouleau

Mémoire accepté le: -----

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ABSTRACT

At the age of globalization (Barrett 1994), many scholars believe that culture is a decisive factor in corporate communication when the East encounters the West. In 1978, Deng Xiaoping launched the Open Door Policy in China. Although this ended China's long-standing economic isolation (Head & Ries 1994), attracted more foreign investors, problems also emerged.

The problematic of this thesis proposes to redefine organizational culture that affects corporate strategies in Sino-foreign enterprises. Based on Giddens' theory of structuration, I assumed that cultural contract is a way to interpret inter-organizational exchanges at the international communication level.

In Giddens' view, strategy, as a plan of action (Horton 1995:119), should be attached to the studies of action and structure. It is to study the ways in which that system, via the application of generative rules and resources and in the context of unintended outcomes, is produced and reproduced in interaction (Giddens 1979: 66). Structure, as the condition that governs the continuity or transformation of itself, is the reproduction of the systems. Using qualitative field research method, the field-work data I collected from documentation, observation, and interviews in two Sino-foreign telecommunication enterprises, i.e. Mai and Nica, well-supported my assumption. The new cultural contract, wearing the veils of the West and the East organizational culture is shaped and reshaped in the process of doing business with China in human agents' actions.

Meanwhile, “all types of constraints, are also types of opportunity, media for the enablement of action” (Giddens 1984:169). Structural constraints: unstable government regulations, complicated interpersonal relationships, bureaucracy and cultural factors are found lying ahead, manifest through unexpected consequences in the human agents’ action. They are the ones casting stated strategies into real ones in a chaotic world. This study not only has theoretical interpretation, but also, in a way, proved empirical values for researchers and corporate strategists in the pursuit of finding practical usage of Giddens’ theory of structuration in various organizational communication contexts.

RÉSUMÉ

A cette époque de globalisation (Barrett 1994), nombreux sont les spécialistes qui pensent que la culture est un élément clé des communications dans les entreprises lorsque l'Orient y rencontre l'Occident. En 1978, Deng Xiaoping lança la Politique de la porte ouverte en Chine. Elle mit un terme à l'isolement économique de longue date de la Chine (Head & Ries 1994), attira un plus grand nombre d'investisseurs étrangers, mais elle entraîna aussi des problèmes.

La problématique de cette mémoire vise à redéfinir la culture organisationnelle qui influence les stratégies corporatives dans les entreprises sino-étrangères. Conformément à théorie de Giddens sur la structuration, j'ai pris pour postulat que le contrat culturel est une manière d'interpréter les échanges interorganisationnels au niveau des communications internationales.

De l'avis de Giddens, la stratégie, sous forme de plan d'action (Horton 1995), devrait s'attacher aux études de l'action et de la structure. Il s'agit d'étudier les façons dont ce système se produit et se reproduit dans les interactions (Giddens 1979:66), par l'application de règles et de ressources génératives dans un contexte où les résultats sont involontaires. La structure, en tant que condition qui régit sa continuité ou sa transformation est la reproduction de ces systèmes. Ayant eu recours à une méthode de recherche qualitative sur le terrain, j'ai rassemblé des données fondées sur la documentation, mes observations et des entrevues avec deux entreprises de

télécommunications sino-étrangères, à savoir Mai et Nica, qui ont étayé mon hypothèse.

Le nouveau contrat culturel, sous le voile de la culture organisationnelle de l'Orient et de l'Occident, se forme et se reforme dans les contacts d'affaires avec la Chine au niveau des actions des agents humains.

« Tous les types de contraintes sont aussi des occasions, des moyens de permettre l'action » (Giddens 1984:169). Les contraintes structurelles, à savoir les règlements gouvernementaux instables, la complexité des rapports interpersonnels, la bureaucratie et les facteurs culturels se dressent et se manifestent de manière inattendue dans les actes des agents humains. Car, ce sont eux qui traduisent les stratégies énoncées en réalité concrètes dans ce monde chaotique. Cette étude, non seulement est une interprétation de la théorie, mais elle prouve aussi, d'une certaine manière, pour les chercheurs et les stratégies d'entreprises à la recherche d'applications pratiques, la valeur empirique de la théorie de la structuration de Giddens dans différents contextes de communications organisationnelles.

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I finally finished my studies in communication, and prepare to return to China to work in the field of television. I would like to take this opportunity to express my gratitude to my thesis director Professor Gilles Brunel. In about three years' time, he provided me a lot of valuable guidance, supervision, and encouragement throughout the process of my thesis composition. Meanwhile, I am equally grateful to all the department professors who helped me to make my studies here possible and successful.

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Moreover, I would like to express my gratitude to all the interviewees, and the two telecommunication enterprises: Mai, an U.S. telecommunication company with subsidiaries across the world, and Nica, a Canadian high-tech telecom giant; for their cooperation and assistance in my observation, data collection and interview periods. Because this thesis contains classified data, I have changed all the company and individual names.

Thanks for all those who involved in this research, who provided valuable information and helped me to accomplish the final version of this thesis so as to achieve in this M.SC. Communication studies.

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Introduction

Communication in a telecommunication world

Telecommunication, communication in the modern age, is the process of transmitting messages from senders to receivers via information technology. In the modern world, a global infrastructure has been created with the cooperation of many multinational corporations. In the telecommunication industry, technological advances have accelerated the pace of capital and information exchange on a worldwide basis. These phenomena make us wonder whether the erosion of cultural boundaries through technology will bring about a dream or a nightmare.

Within these multinationals, corporate communication becomes more and more important. Indeed, it is a central factor for successful business practice. If, for business, technology may be thought of as hardware, communication is business's software, taking on decisive functions. The question of how to communicate in particular organizational contexts has become key to formulating corporate strategy for viable international enterprise. Just as technology depends more on the operation of software than of hardware, *intercultural communication* is a complex apparatus whose operation is crucial to business, yet operates behind the scenes, seeming even invisible.

With the gradual opening of its markets in recent years, China is attracting the world's most advanced technology companies despite its ideological differences (Schoenberger 1996: 114). Intel, for example, is building a \$50 million chip assembly and testing plant in Shanghai (Schoenberger 1996: 120).

But the Western investor with by far the most chips on the table belongs to a U.S. high-tech giant (1995 revenue \$27 billion). It finishes work sometime in 1998 on a \$560 million semiconductor fabrication plant in Tianjin , it will have more than doubled the value of its stake in the People' Republic to nearly \$1.2. billion (Schoenberger 1996:118) .

People are betting that sometime in the early 21st century, China will become the world's largest consumer of electronics products—almost everything from PCs to telephones. China is a vast market which opened its door only after 1979. In less than 20 years time, significant changes have already occurred. Intel CEO Andy Grove told *Fortune* that he predicted his biggest competition in ten years would come from China (Schoenberger 1996: 118).

Opportunities, then, have emerged for multinational enterprises to expand their business in this mysterious land of ancient civilization. But risks and constraints also lie ahead. Many enterprises have been successful at home, but failed to capitalize on their merits abroad. In the process of exploring current markets in China, foreign expatriates lacking sufficient prior knowledge of the country have encountered problems in practicing their corporate strategies once on site. Beyond the language barrier, their contracts are sometimes delayed by authorities; local employees are not as assertive as their foreign counterparts in the corporate management sector; negotiations are sometimes stalled unexpectedly. These factors would seem to indicate that Western marketing strategies may not always be effective in China.

Take, for instance, the 7-Up soft drink, whose manufacturers had to change its name in order to increase sales in China. The reason for this change was simple: in the Shanghai dialect, its name means “it will enrage people and kill them”! Although Mai started negotiating for local operations in China early in 1989, its desire to retain complete ownership proved to be a stumbling block. Some Chinese officials insisted on its arranging a joint-venture partly owned by

Chinese authorities — the usual arrangement for foreign investors, but unprecedented in Mai's history (Schoenberger 1996:120). This is the type of dilemma faced by foreign companies: the greater the engagement with China, the greater the risk. China is gradually becoming a territory looking ahead to a future of large investments by a significant number of Sino-foreign enterprises. Corporate decision-makers therefore feel it increasingly important to understand the invisible hand that is twisting and shaping their stated strategies in the real world as part of the process of doing business with the Chinese.

Gradually, multinational companies are learning that running an overseas business well depends on understanding the unique structure of corporate communication, which takes place across different cultures. In order to act appropriately, it is necessary for such corporations to study and understand the optimum course of action; action is attached to structure, which indirectly affects strategy. Part of the prescription for a successful engagement in the Chinese market, then, is to improve understanding of intercultural communication. This is where research comes into the picture.

Chapter 1

Theoretical Framework

In this first chapter, I shall illustrate several adapted models based on the theory of structuration, explain a number of relevant concepts in corporate communication, discuss the role of culture in this context, and outline my hypothesis.

We are living in a world in which communication is becoming increasingly important to most of us. In an age of globalization (Barrett 1994), people around the world are empowered by modern technologies to communicate, be it via telephone, Internet or other electronic devices. When travelling to an Asian country, a Westerner can feel overwhelmed by distinctive-seeming Eastern differences, from food and language to human behavior and norms. Indeed, cultural factors exist beyond language that have been formulated over a long period and which unwittingly shape different mentalities. These differences may indirectly cause problems in communication which often develop into conflicts. In a corporate environment, it is crucial for organizational leaders to solve these communication problems. A good solution would achieve a better outcome; a poor solution would prevent the achievement of their original strategies. Their professional hopes and fears depend to a great extent on understanding corporate communication in a cultural sense.

1.1. The theoretical framework

1.1.1. *Duality of structure*

Giddens argues:

By the duality of structure, I refer to the essentially recursive character of social life: the structural properties of social systems are both medium and outcome of the practices that constitute those systems (Giddens 1984:36).

This means that social structures are both constituted by human agency, and are the very medium of this constitution (Held 1989:58). The structures which facilitate action are reproduced in the execution of that action. Action, according to Giddens, should be viewed as “a continuous flow of interventions in the world which are initiated by autonomous agents” (Held 1989:58).

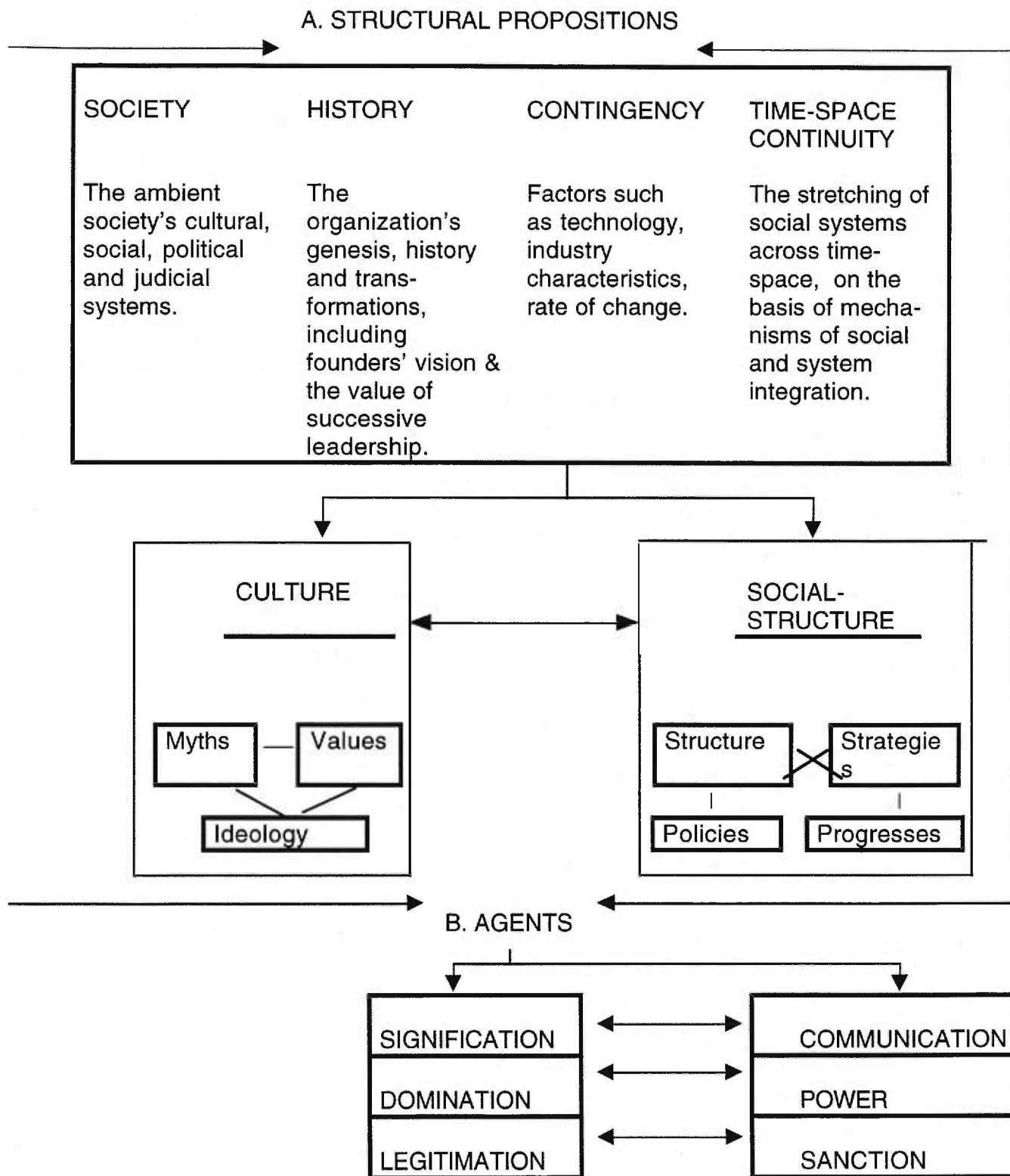
The structuration theory of Anthony Giddens is a powerful tool for interpreting the structure through which the interaction of human agents occurs within organizational communication. It allows us to interpret communication patterns in an intercultural context. The theory of structuration provides insights into the structures produced through individual interactions. It serves as a basic framework for generalizing the structures of a social system through the actions of agents on individual, organizational and social levels.

1.1.2. *Adapted model on the theory of structuration*

The theory of structuration enables researchers to view things both from the world of social structure, and the world of human agents across time and space. Concepts such as time-space distantiation and duality of structure shall be useful in helping to explain the research findings of this thesis, providing a

framework within which to recast strategy formulation according to the particularities of culture. As illustrated in *Figure 1*, a problem exists in defining time and space against a common sense conceptualized as purely environmental actions.

Figure 1. The Conceptual Framework of the Study of Organization



(adapted from Firsirotu 1984:16)

As shown in *Figure 1*, the cultural system includes rites, rituals and customs; metaphor, slogans, lexicon, glossaries and acronyms; sagas, stories, legends and lore; symbolic artifacts, logos and strategies. Meanwhile, the social-structural system is composed of formal goals, objectives and strategies; training, recruitment selection and education; authority, power structure and control mechanisms; motivation and reward; managerial style and processes.

Strategy in the model

The focus of my research is on strategy. In order to studying strategies, I need to approach them based on the interaction between agents and structural propositions. Strategic studies may not be separated from structure; strategy is generated in human agents' actions, such that a structural proposition (system A) interacts with human agents (system B). When we look at the model, strategy lies in both systems of culture and social structure. In the category of culture, it is one dimension in ideology related to myth and values, whereas in the social structure system, strategy is related to formal goals as a plan of action.

Dynamic process

Strategy formulation should be understood as a dynamic process embedded historically and contextually. The advantage of analyzing field research with the theory of structuration is that this attempt is "from a static to a dynamic perspective" (Held 1989: 56). Structure is the condition that governs the continuity or transformation of the structure itself, and therefore involves the reproduction of the system (Giddens 1984:19).

Relation between action and structure is at the heart of our research, then, what needs to be understood is not

how structure determines action or how a combination of actions make up structure, but rather how action is structured in everyday contexts and how the structured features of action are, by the very performance of an action, thereby, reproduced (Thompson 1989:56).

“Structure is the condition that governing the continuity or transformation of the structure itself, and therefore, it is the reproduction of the systems” (Giddens 1984: 80). All types of constraints are at the same time opportunities: media for the enablement of action (Giddens 1984:156).

This idea reveals a transformational character. The interaction between structural properties and agents, as shown in *Figure 1* shows why structure is considered to be rules and resources. Structure is implied in social production and reproduction; it has the distinctive features of social systems bearing structural properties.

Functionalist and structurationist views

The agent's activities and its conscious and unconscious parts are neglected by functionalist approaches. Structure and agents should be treated as two equal and parallel segments interacting with each other. Neither takes priority over the other. The functionalist view sees one system—structure rules above the agents' world. They “have been unable to develop adequate treatments of the knowledgeability of social actors” (Giddens 1984:32). Their priority is structure and system, instead of actor systems. For the structurationist

view, the two systems are integrated: the theory of structuration is based on action and practice. In this theory, structure and agent produce each other, and each is as important as the other. Structure does not exist without agents.

Time-space issue

Giddens argues that “the continuity of everyday life depends, in large measure, on routinized interactions between people who are co.-present in time and space” (Held & Thompson 1989:188). This is social integration. Social system do not consist only of rules and resources; they are also situated within time and space (Giddens 1984:163). For structural properties, the institutional features of social systems stretch across time and space. Besides the interdependence of action and structure, the theory also highlights the time-space relations inherent in the constitution of all social interaction.

Macro and micro levels

Anthony Giddens’ meta-theory of structuration has permitted me to observe interaction between human agents from both macro and micro levels. Its unique approach in the perspective of duality of structure illustrates well how the social system functions.

Giddens (1984:10) believes that actors are constrained by, and yet generative of, the structural dimension of social reality. However, he argues that these circumstances do not determine social events in a systematic way. This indicates that people usually perceive a limited array of options which are

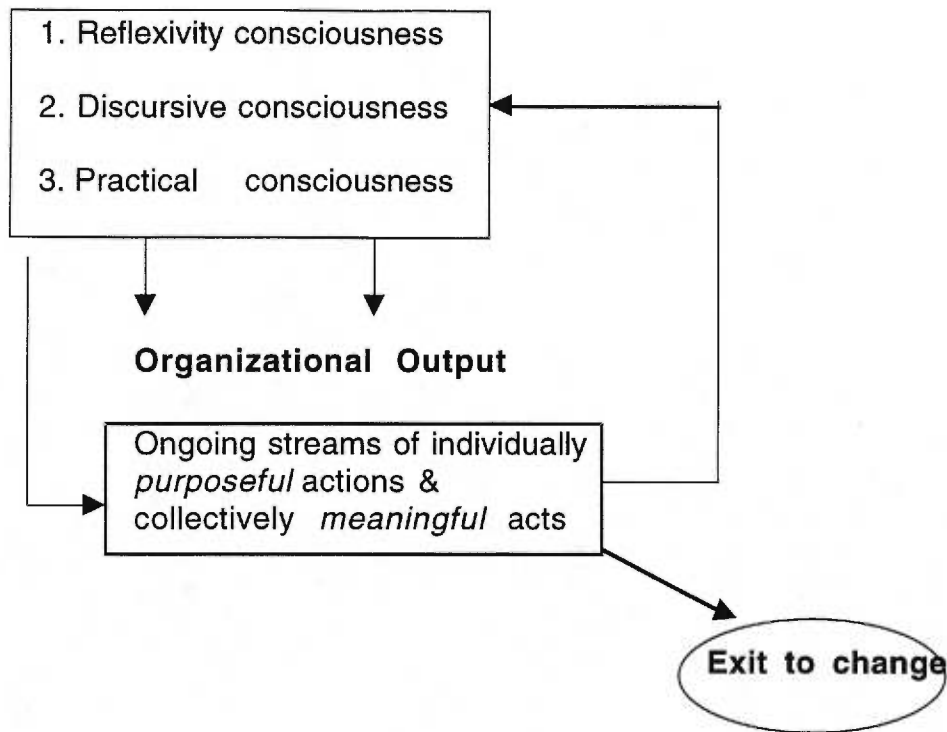
available to them in a given set of circumstances. Such routine constitutes the possibility of the actors to intervene in a state of affairs. They may or may not be aware of it, and may or may not even intend to do so.

The process of strategic formulation

Figure 2 is a model illustrating the process of strategic formulation based on the interaction between individual agents' systems of cognition and structural propositions from another angle. Human behavior, developed from the unconscious level to reflective, discursive and practical consciousness, severely influences organizational output. It forms the on-going stream of individual *purposeful* actions, and transfers into collectively *meaningful* acts, which may be understood as strategies. The strategies' capacity to change is hence mediated by structural propositions. The results will be reflected in the change of strategic formulation in order to achieve organizational goals.

The institutionalized practices of human behavior include gesture, linguistics, and other media of communication, both conscious and unconscious (Giddens 1984:14). They should be studied within certain contexts of organizational interaction in social systems. Within the organizational setting, strategy formulation and interaction is the locus of structuration; through the various social processes they, in turn, reproduce the structure in use.

Figure 2 The Process of Strategic Formulation



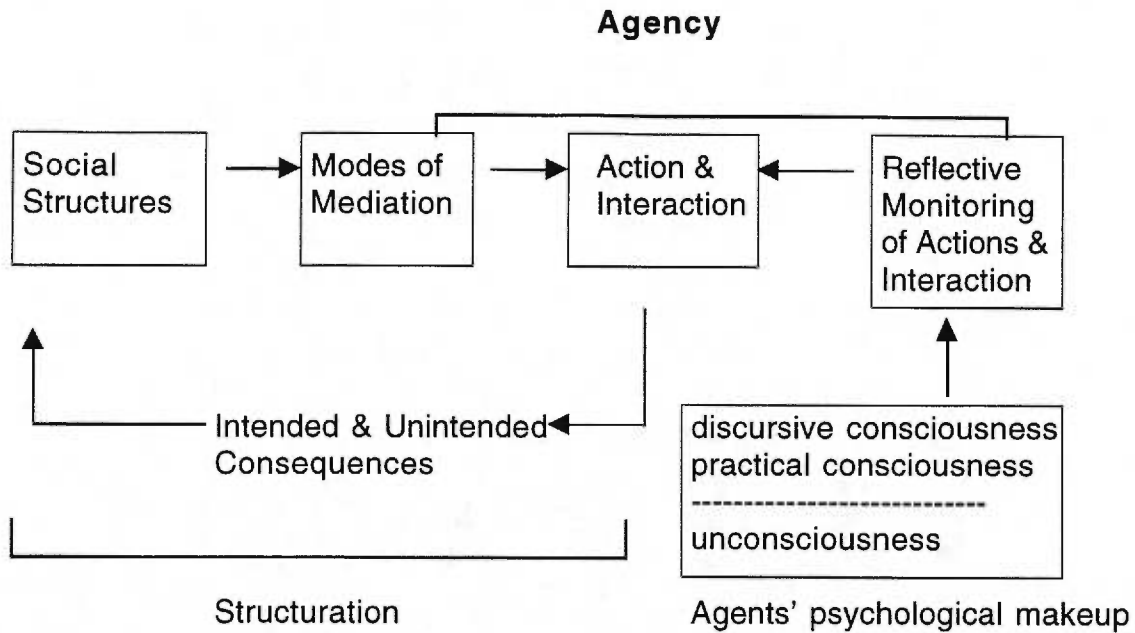
(© Cynthia Wu 1998)

The modality of structure

The system of generative rules and resources that compose structure may be understood within the modality of structure, *Figure 3* (Macintosh 1990:160). In the interplay between agents' actions and the production and reproduction of social structures, structure exists in real time and space settings. Although agents are cognizant of their actions, some consequences of their behavior are unknown and unintended (Macintosh 1990:175). "In their reflective monitoring of action in social settings, agents rely on both their discursive and practical consciousness and are motivated by an unconscious need to ontological security" (Macintosh 1990:168).

The modality of structure lies in a process of appropriation related to signification, domination and legitimization. Structure is *appropriated* by the group from larger social institutions—a process of appropriation moving from general social structuration to concrete situations. According to Giddens, structure is manifest in structural properties, which consist of rules and resources. Meanwhile, they are reaffirmed when they are used by human actors. Rules include allocative rules, such as capabilities which generate control over objects, and authoritative rules—capabilities which generate command over persons. Allocative resources include natural forces and material goods, whereas authoritative resources are based on dominion over social forces (Giddens 1984:258). Rules and resources are what mediate human action, even as they reaffirm the human actor's experience through use.

Figure 3 Agency in Structuration



(Macintosh 1990:459)

1.2. Corporate communication, strategy, structure and culture

1.2.1. Corporate communication

Communication, defined as “the exchange of information between a sender and a receiver and the inference of meaning between organizational participants” (O’Reilly & Pondy 1979: 121), should be emphasized within the interactive and interchangeable features of the senders and receivers whereas, in corporate communication, “the process that collects information from the business environment, develops messages from the information and transmits them to get economic results” (Horton 1995: 21). In the social construction of an organization, communication is essential. Since I am using Giddens’ view to

study communication issues, it is appropriate that this study focus on social context in the generation of social results, rather than on economic gain or loss.

In social life, communication is viewed as a process of action (Giddens 1984:330). Explicitly, organizational communication sends and receives messages that “create and maintain a system of consciously coordinated activities or forces of two or more people” (Tompkins 1984:662). In structuration theory, in an organizational context, interaction becomes translated into structures which restrict interaction and interpretation. The key point here is that “there is both a structure, a system of rules and resources, and structuration, which means the expression of rules systems in interaction” (Weick 1986:245).

Corporate communication, manifest in both verbal and non-verbal forms, is also called “information communication”. It collects and transmits data, sending messages within the business environment through successful communication. However, corporate communication does not guarantee results. This is because that the messages received are free to comply, and are likely to be altered in the process of sending and receiving (Horton 1995).

In business, two kinds of corporate communication exist: internal communication and external communication. The agents or actors of these transactions include suppliers, intermediaries, distributors, service agencies and financial companies, as well as customers, competitors and the public. The managers’ role is to link internal and external communication (Horton 1995). They are viewed as interpreters between the external business environment and the internal organization.

As a series of actions, communication translates into structures of signification using interpretive schemes. In this sense, people make sense of what they say and do: “interaction creates structure” (Weick 1986:245). Furthermore, communication expressed through the actor’s actions in social life does not only bear meaning in a meaningful social world constituted by lay actors, but also carries what social scientists have called “meta-language”. This is Giddens’ so-called double hermeneutic (1984: 374). Sociological descriptions have the task of “mediating the frames of meaning within which actors reorient their conduct” (Giddens 1984:285). In a sociological sense, therefore, communication studies is not only about communication between actors, but also about communicating about communication. Therefore, communication as an interaction may, in its social reproduction, generate a two-way result, rather than a one-way economic result.

On the other hand, given the knowledge capacity of the human actors, unintended consequences of action—“the consequences of acts that escape actors’ intentions or purposes”—may occur in the communication process despite “the duree of day-to-day life occurs as a flow of intentional action” (Giddens 1984:8). These consequences, furthermore, may systematically feed back to be the unacknowledged conditions of further acts (Giddens 1984). They are “systematically involved in social reproduction, and they also become conditions of action” (Giddens 1984:32).

1.2.2. Strategy

Strategy, as Clausewitz defined it, is “*a plan of action—a plan communicated to those who effect to it*” (Horton 1995: 117). Strategy is bound together with communication. It transmits goals, purposes, and decisions to those who realize them. This thesis is focused on the management role in the strategic formulation process. This thesis is focused on the management role in the strategic formulation process. The strategic communication process of managers is a process of observing, assessing, designing, implementing and assuming based on personal or group views on what the company should do to survive and succeed (Eisenberg 1984).

As a link between internal and external communication, managers translate the information they have gathered from action into messages. They further tailor information to the needs of individuals who directly affects a company’s survival and chance of success (Horton 1995:23). Within this process communication, in its interactive role, hence becomes translated into structures of signification. In the process of formulating strategy, managers use interpretive schemes to establish this significance, making sense of what they say and do. “In this sense, interaction creates structure” (Weick 1986:245).

According to Horton, strategy possesses two manifestations—stated and real. What the organization does may or may not meet its stated strategy, that is, a neatly formed, logical series of actions and conclusion. At the same time, real strategy may be ad-hoc, often consisting of ad-hoc messages to accommodate changing business conditions (Harris & Vernon 1979:21). Their difference is

reflected in how managers communicate. The best example of this is Apple Computer in 1984 when a strategist, like someone riding a series of events, changed orders as needed in order to meet organizational goals.

According to Mintzberg (1987), strategy follows structure, just like the left foot follows the right. In this metaphor, managers are considered to be craftsman and strategy is their clay. "To manage strategy is to craft thought and action, control and learning, stability and change" (1987:73). Strategies are often *emergent* and actions converge into patterns, their coherence accruing through action and its underlying logic could be perceived after the event (1987:69).

The word *strategy* in Chinese is related to *military strategies*. Traced back 5,000 years ago, Sun Tzu's tactics—that is, the strategic thinking of this ancient Chinese military tactician—sometimes resembles features of the modern business world. "The market place is a battlefield" (Chen 1995:38). Today, many Japanese and U.S. companies consult Sun Tzu's military tactics on how to design business strategies for their international business development.

Many famous sayings of Sun Tzu are generated from real life situations, including tactics towards the enemy, tricks to smooth adaptation, coordination issues and so forth. Among these, the most famous is "know your enemy and know yourself, and you can fight a hundred battles with no danger of defeat" (Chen 1995:67). This suggests that a keen strategist should study the features of her or his enemy carefully before a battle. Similarly, in business, a win-win strategy for a company wishing to succeed in the Chinese market is to be

familiar with the details of the market and the specifics of its competitors in China.

Adaptation is also an important strategy. According to Sun Tzu, “the reason a defender could win even when he is in disadvantage: one to ten to his enemy is that he knows how to turn his disadvantage into advantage” (Chen 1995:42). Adaptation is an open channel for business success. When stated strategies are unsuccessful, it is important for corporate leaders to analyze how to change to adapt for the best results.

Sun Tzu believed that a good general knows how to use uncontrollable components to his advantage—the weather, the temperature, the terrain. Famous battles in history indicate that victories were blessed by factors beyond human control. Similarly, good business practice depends on the macro-economic climate, including the opportunities and constraints of government regulations. Managers should accordingly adjust real corporate strategies in the heat of their action in order to achieve a good business climate.

1.2.3. Structure

Corporate communication ties behavior to organizational structure. In organizational communication context, interaction creates structure (Weick 1986), and Mintzberg (1987) further argues that strategy follows structure. In Mintzberg’s view, because strategies are often *emergent*, they could be formed as well as be formulated (Mintzberg 1987:68). Mintzberg also insists that “in practice, organizational structures both enable and constrain particular

strategies” (Whittington 1993:116). The National Film Board of Canada (NFB), for example, gained experience marketing feature-length films by chance, but gradually found itself pursuing a strategy—“a pattern of producing such films” (Mintzberg 1987:69). This example proved that structure is located in real-life situations.

According to Giddens, the concept of “structure” should be seen as either the matrix, or the principles or rules of transformation. In social theory, structure may be identified as sets or matrices of rule-resource properties governing transformations (Giddens 1984: 35). A theory of structuration is concerned with “all types of social processes, and practical consciousness—in the context of unintended consequences—in the reproduction of social practices” (Giddens 1984: 36).

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The three basics I discussed here— strategy, culture and structure— should not be analyzed separately. Rather, they are intrinsically linked. Structure consists of rules and resources (Giddens 1984); culture is the representation of stories and values, and is likely to be transmitted across

generations; strategy is what people do with culture and structure, is reflected in human actions, and is changeable.

1.2.4. Culture

A. Concepts of culture attached to organizational studies

In *Figure 1*, we see that culture is composed of rituals, metaphors, language, legends, symbolic artifacts and so on. In order to identify the role played by culture in the communication process linked to strategy formulation, we must examine the understanding of culture developed within organizational studies.

Although culture may not be the determining factor modifying strategy making, the role of culture is important in organizational communication studies. In Linda Smircich's article *Concepts of Culture and Organizational Analysis* (1981:339), the author lists different concepts in five research domains: comparative management, corporate culture, organizational symbolism, and unconscious processes and organizations (Smircich 1981: 339). In the comparative management view, represented by Malinowski's functionalism, "culture is an instrument serving human biological and psychological needs" (Smircich 1981:342). In structural-functionalism, culture functions as an adaptive routine mechanism. It ties individuals with social structures. For organizational cognition studies, represented by Goodenough's ethnoscience,

“culture is a system of shared cognition. The human mind generates culture as means of a finite number of rules” (Smircich 1981:342). For organizational symbolism, best-known through Geertz’s symbolic anthropology, “culture is a system of shared symbols and meanings. Symbolic action needs to be interpreted, read or deciphered in order to be understood” (Smircich 1981:342). For the structuralist view, as represented by Levi-Strauss, it emphasizes unconscious processes of culture in an organization, interpreting culture as “a project of mind’s universal unconscious infrastructure” (Smircich 1981:342).

The approaches above either view culture as an instrument, a mechanism, or a system developed through a long time. Organizational leaders should interpret, read and decipher culture in order to understand some hidden message. Meanwhile, they need to properly interpret actions and interactions in order to adjust their strategies in a chaotic reality. As my approach is not centered on the cultural view, I will not borrow these frameworks; rather the problematic analyzed in this thesis shall be approached through the theoretical lens of structuration theory, in what is hoped to be something of an innovative approach to such problematic. This approach is a critical adaptation of Gilles Brunel’s work in this area (1998, personal communication).

B. Corporate culture influenced by Confucius

Confucius exerted great influence on traditional Chinese society in many ways and, naturally, this involves both positive and negative implications. Among positive influences on organizational culture, leadership styles,

consensus formation, work ethics, education, an Asian entrepreneurial spirit, and Asian management styles can all be traced to Confucius. A theoretical basis exists in Confucius' *The Analects* (B.C. 475), which has had significant influence in moulding organizational spirit: as Confucius preached, richness and honors are what men desire. Men should not be held once they are more obtained in the right way (Chen 1995:30).

On the negative side, meanwhile, Max Weber argued that Confucianism (Chen 1995:56) should be held responsible for the lack of development in Asia for so many years, as it does not appear to encourage the production of dynamic leaders and entrepreneurs. Unlike Protestantism, which Weber suggested was centered on individualism, Confucianism focuses on communitarianism and affirms the real world and the unity of man with the universe, relating men to the environment in a harmonious way with a stress on virtue. For this reason, Confucianism does not promote competitiveness or aggressiveness, and “does not provide or produce dynamic entrepreneurs” (Chen 1995:37). However, Confucian ethics does cultivate a different kind of capitalism with self-centered relationships, a sense of personal achievement, personal cultivation, and an emphasis on consensus formation and cooperation (1995:30).

C. Modern cultural structure— guanxi (connection)

Following Deng Xiaoping's open-door policy in 1978 an increasing number of foreign businesspersons have, in doing business with the Chinese,

perceived an invisible modern organizational cultural structure—the Chinese *guanxi* (connection) network. This pragmatic production in business has implicit significance. It emerged through action and interaction of a specific type of human agents— the Chinese.

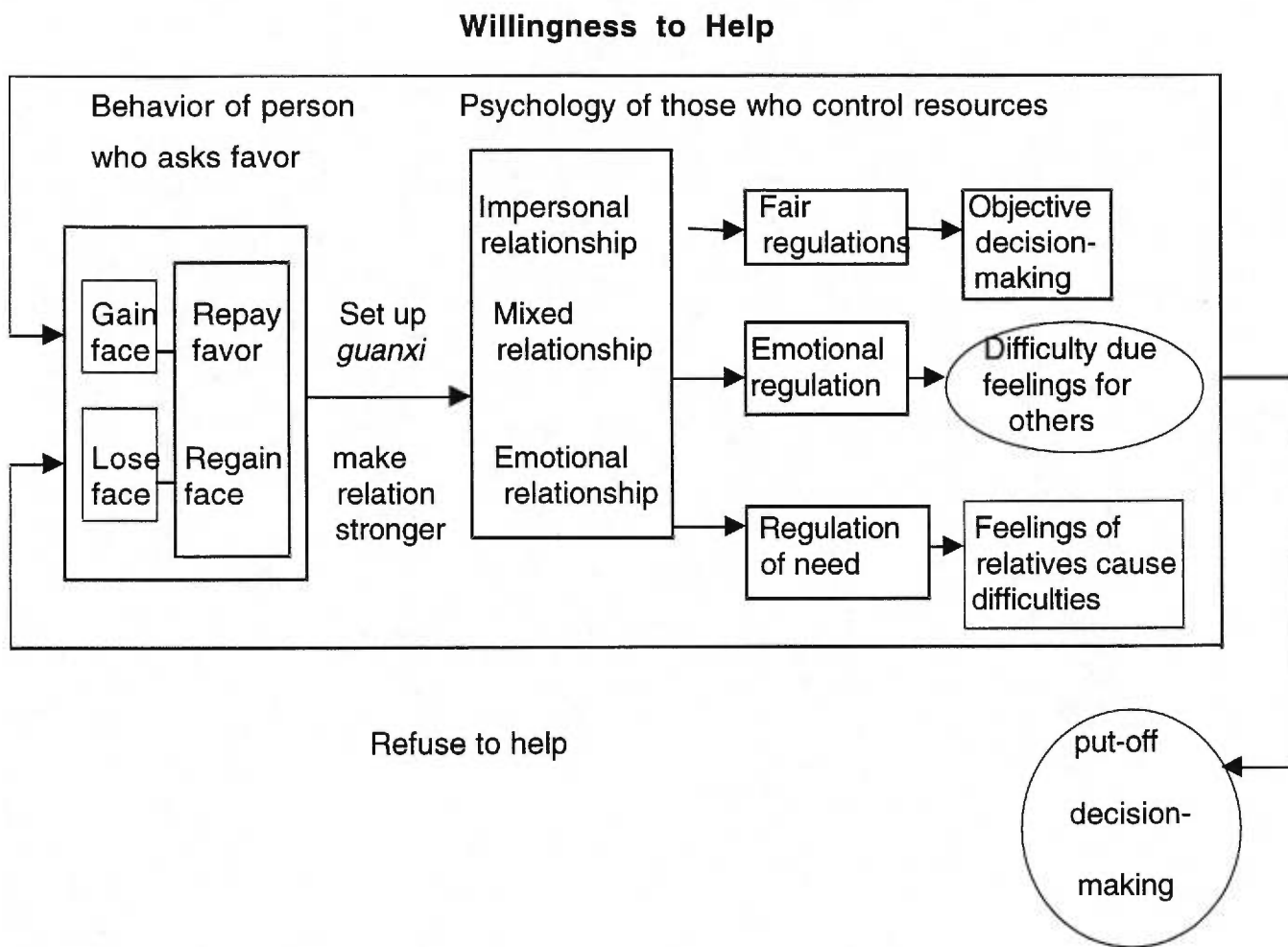
As illustrated in *Figure 4* (Chen 1995 & Huang 1989:133), it originated in the strong Asian family orientation: Chinese value relationship-building in the business environment just as they do in families, leading to a set of sophisticated skills which converted interpersonal communication into an intricate art.

Attribute and *frame* are two basic approaches in the connection network. The Chinese family tree should be considered as the common basis. *Frame* refers to an institution and a locality. Chinese social groups are formed under the guidance of these attributes, which seem to be alternative bases for social structure. Throughout Chinese history, many socio-cultural mechanisms had limited the role of connections; the relationship between *guanxi* (connection) and *mianzi* (face) became interwoven and formed a network (Fung 1995).

The importance of this network is sometimes difficult to perceive until practical barrier arise from its neglect. Chinese tend to have a less aggressive and less direct communication style, and are highly sensitive to the views others hold of them. Face helps maintain one's own pride, honor and dignity. Giving face is the act of showing recognition of one's social standing and position, whereas losing face would cause embarrassment to others and to oneself. That is why consideration, tact and social skills are stressed. *Guanxi*, meanwhile, is the connection network constructed through interrelations among individuals. Social

contacts are crucially important, facilitating procedures and rendering tasks easier once the right person in the right position is familiar. This is not enough, however: it is vital to use the correct strategy and not to break one's connection network when encountering "difficulties due to feelings for others"(Figure 4). Gaining face brings success; losing face can lead only to failure (Chen 1995; Huang 1989:133).

Figure 4. Model on Guanxi and Face Interactions



(Chen1995;Huang 1989:133)

1.3. Literature Review

1.3.1. *Corporate Strategies and the theoretical framework*

Corporate communication in an organizational context is the process whereby information is collected and developed into messages and data so as to generate results. This creates and maintains “a system of consciously coordinated activities or forces of two or more people” (Tompkins 1984:662). In structuration theory, interaction transforms structures— and structure, a system of rules and resources, is followed by strategy (Mintzberg 1987).

Strategies that are *emergent* may be formed and be formulated by managers, who translate the information they gather from action into messages. Strategies are modified in reality in order to facilitate a company’s survival and success. In the strategy making process, communication reconstructs into structures of signification, and managers, the agents, use interpretive schemes to make sense of their interactions and further improve them.

Based on this theoretical framework, I formed a hypothesis of cultural contract approach. Many scholars are puzzled when attempting to use Giddens’ structuration theory to guide empirical field research and evaluate the theory in social life. They expect the theory to act as a direct guide to illuminate their work, explain what exists and what might exist, what has been and could be achieved, and indicate whether a transformation takes place in between. After careful reading of Giddens’ works and that of his critics, I found that his theory of structuration, while just as important as many other theories, is designed, not to

directly guide fieldwork, but to be used in a “selective way” as “sensitizing devices” (Bryant 1991:214).

The theory of structuration serves as a unique framework to generalize the structure of a social system through the actions of agents from individual, social, and time-space dimensions. To design and appropriate corporate strategies, one needs to analyze actual situations and different agents’ actions. The human agents’ action and interaction takes place in the locus of organizational communication. As Giddens (1984:169) argues, “all types of constraints, are also types of opportunity, media for enablement of action”. Identifying constraints in the process of strategic formulation is one way to find out how cultural contracts are formed in organizational communication. Hence, some questions in the survey are designed to find out the constraints in human agents’ action and interaction.

On the other hand, changes in organizational strategies are often triggered by the unexpected consequences of action and behavior. The unintended consequences of action are partly responsible for the reproduction of social systems. This reflects a dynamic and distinctive transformational feature of the theory of structuration. The approach taken in fieldwork, based on this dynamic theory, must thus be a dynamic one.

1.3.2. Anthony Giddens' three examples

An article written by Giddens (Bryant & Jary 1991:204) himself in *Profiles and Critiques in Social Theory* provides some clues on how to apply the theory to methodology in a critical way. His three examples provided useful references that illuminated my field research framework when struggling to find empirical relevance for it. As Giddens argues, the theory should be interpreted as “sensitizing devices in a critical fashion” (Bryant & Jary 1991:204) rather than a tool to generate results directly. Therefore, it provides space for researchers to develop their own methodology critically. Indeed, Giddens himself lists three successful examples in applying his theory in field research.

A. Burman’s modes of reproduction and transformation, and the situated activities of individuals and groups.

The first example is to use the theory of structuration to study unemployment. In this study done by Patrick Burman in 1982 (Held 1989), the researcher posed broad questions on social organization and transformation. He found the existence of a sort of “decentering of the unemployment” (Giddens 1984). For the unemployed people, “the unemployed experience corroded their own sense of agency, re-centered them, and reordered their social life” (1984). Such change would re-center their lives and reorder social relationships and natural conditions: a temporal organization of the people’s day-to-day life. Moreover, out of communication theory Burman developed three concepts—micro-social sphere, intermediate community sphere, and macro-

social sphere (Held 1989). In terms of the theory of structuration, related concepts include modes of reproduction and transformation and the situated activities of individuals and groups.

B. Connel's structure and agency

Another example is provided by R.W. Connell (1982), who applied the concepts of and relationship between structure and agency in order to study gender and power. The study, as Giddens explains, "grasped the active presence of structure and practice, and the active constitution of structure by practice" (Giddens 1984:170). In the gender regime, Connell claimed that structural constraints would affect job advancement, as well as rational choice in the allocation of labor. He found that media image also played a major role in influencing ordinary contexts of actions and reinforcing roles through repetition.

C. Dandeker's surveillance, power and control

The third example provided by Giddens is Christopher Dandeker's (1982) discussion of surveillance, related to bureaucratic power and war. In this study, expertise is considered as an element of power. Dandeker's study also suggested that the theory of structuration could be used to study management decision-making, power and domination, as well as hierarchical control.

From the above examples, I learned that rather than serving as a handy tool for empirical research, Giddens' structuration theory should be considered as guidance and be used critically to gather field data. It is not a research

program in the same sense as Garfinkel's ethno-methodology or Goffman's interaction order: the use of structuration theory should center on testing the empirical relevance of my hypothesis. Burman's reproduction and transformation of situated activities of human agents indicated that I could also study the production and reproduction of strategies and structures in the organizational context of my thesis research theme. Connell's work on agency and structure highlighted the relationship between human agents' action and structure. Dandeker's study of power and control suggested indirectly that structuration theory is also useful for explaining the bureaucratic issues that are rampant in China and that, as my survey would demonstrate, are highly visible to foreign enterprises entering the Chinese market. All of these studies, then, are related to the study of the relationship between agency and structure, of structural constraints, and of strategic formulation and transformation in social organization across time.

Problematic

The problematic of my thesis is to understand the organizational culture which affects corporate strategy in Sino-foreign enterprises. In order to study the process of corporate communication strategy making in the telecommunication industry, Giddens' theory of structuration serves as a theoretical framework.

Giddens' theory of structuration, which provides insight into the relationship between action and structure, illuminated this thesis research. Structuration, according to Giddens, "is the condition governing the continuity or

transformation of structure and therefore the reproduction of systems” (Giddens 1984: 35). It is a social process involving the reciprocal interaction of human actors and the structural features of organizations. Structure not only enables and constrains human actions: it is also the result of its previous action (Bryant & Jary 1991:202). The theory of structuration and its concepts, such as action and structure, time-space distanciation and unexpected consequences, are powerful explicative tools only when researchers employ them as part of an intrinsic link between theory and practice. Structuration theory holds a great deal of promise for the study of issues in intercultural communication, and may not yet have been fully explored by researchers.

In particular, the theory is useful in illustrating organizational life as transformed by the intervention of technological adoption and of management accounting subjects. Orlikowski (1992), Barley (1986), Poole (1985) and other scholars have been persuasive in analyzing organizational life in a technological age. Similarly, recent work on information systems, such as research into the Group Support System and management accounting system, have also proposed Giddens’ theory of structuration as a valuable framework for effectively examining how the social order of organizational life becomes constructed and modified. In *Journal of Management Information System, Accounting, Organizations and Society* and other recent periodicals, a growing number of articles explore how this sociological theory might fit into an organizational context. In *Journal of Management Information System, Accounting, Organizations and Society* and other recent periodicals, a growing

number of articles explore how this sociological theory might fit into an organizational context.

All of the above references suggest that Giddens' theory of structuration might be used as a theoretical basis for my research. On the other hand, my research problematic is concerned with organizational cultural issues and the strategic formulation process. For this reason, Henry Mintzberg's idea on the relationship between strategy and structure is also referred to in the study. This idea does not contradict Giddens' view on action and structure. Based on Giddens' work, we might say that because action interacts with structure, strategy should, as a plan of action, also interact with structure. And fieldwork results should be able to prove the validity of this hypothesis.

In the fieldwork, I focused on studying the telecommunication enterprises Mai, a U.S. telecommunication company with subsidiaries across the world, and Nica, a Canadian high-tech giant (all company and individual names have been changed). Both have set up joint ventures with China, with notable achievements in the Chinese telecommunication market. With the purpose of generalizing a type of structure which exists in these corporations, the fieldwork aims at collecting accounts of agents' actions, in addition to document analysis, observations and interviews. These accounts may be shot through with examples of strategy, structure and action; by analyzing them, I hope to discover the nature of an invisible hand exercising control behind the veil, shaping and reshaping the corporate strategies of telecommunication companies in China.

1.4. Hypothesis —Cultural contract is a way to interpret inter-organizational exchanges at the intercultural communication level.

1.4.1. An emergence of a cultural contract

In Giddens' view, structure is "the condition that governs the continuity or transformation of the structure itself, and hence the reproduction of the systems" (Giddens 1984:89). According to the theoretical approach of Giddens, structure is supposed to produce and reproduce in a context, in its social interactions with the agents. As mentioned above, it has a distinctive transformational feature: "all types of constraints, are also types of opportunity, media for the enablement of action" (Giddens 1984:169). A new type of cultural phenomenon may thus be born in the process of intercultural communication.

According to Gilles Brunel (1998, personal communication), three recent viewpoints exist in terms of organizational culture: the international culture approach, the standard culture approach and the cultural contract approach.

- A. International culture approach. In this view, international culture manifests itself in a form of unified organizational culture in the context of globalization. In a foreign cultural setting, international culture does not adapt, and little change occurs, thus acting as a universal feature. Particular reference is made to the encounter of American and European organizational cultures with Asian cultures, such as Japanese and Chinese culture.
- B. Standard culture approach. This approach holds that change in organizational strategies is essential when the organization acts in a foreign culture.

C. Cultural contract approach. This view is born in the process of instantaneous adaptation within international communication. Specifically, my hypothesis is build on this approach illuminated by Gilles Brunel (1998, personal communication).

According to Brunel (1998, personal communication), approach A as a theory of organizational culture is imprecise and requires further argumentation. In business practice, this approach is used by most multinational enterprises when they initiate their strategies worldwide. For example, Dairy Queen would exercise the same system of service or same standard of ice cream wherever it opens business, or Sting would sing same the songs in the same style in England and in China. In many multinational enterprises, the applied management standard as special feature is identical in head offices and overseas branch offices. This international cultural view involves retaining one's own business style in business no matter where ones goes or what environment one encounters. In studying corporate strategies, this is an example of domination and legitimation, concerning authorities which generate command over people. In this view, domination lies in the home community, such as the U.S. or England, and should not be affected by signification or legitimization of a foreign culture.

Approach B, the standard culture approach, is based on Geertz's (1973) symbolic view of culture. It centers on the host community's own group. It is like a perceptual window through which a culture interprets and judges all other cultures according to its own values; the approach evaluates how other cultures

conduct their daily business subjectively. It is obvious when a foreign company adjusts its corporate strategies according to the demand of its foreign branch located in a different public cultural space. Certain specially-designed cultural training programs, as well as the strategy of localization in many joint-ventures in China, are examples of this type. Approach B is used by many multinationals in their globalization process. They have formulated a standard pattern, a system to export to its universal market. Change is obvious in order to adapt to local cultures, norms and values. This view reflects the domination by and legitimization of multinationals in a foreign environment. Here cultural gap is a central issue.

Approach C, the cultural contract view is based on an original cultural view. It is a mixture of culture and acculturation, a new form of cultural contract. This new cultural interpretation must be applied across the range of interaction of human agents, including new value orientation. Change may occur, but depends entirely on the situation. Just as in negotiations, a Western company would have to modify its practical strategies in reality. It is, then, short-lived. Not only is there the cultural factor to consider: other features must be evaluated, for example specific government regulations of mainland China. This view does not, however, relate to culture at-large as it is formulated across great periods of time. The cultural contract, both invisible and implicit, is produced and reproduced through human agents' actions.

This new form of cultural contract would emerge from the need to adapt. The mixture of two cultures is not a fixed and firm product: it is always open to modification, and manifests itself in an ad-hoc form (Mintzberg 1973). * It is formulated weakly, and may easily be broken. This new structure is produced and reproduced through the interaction of human agents, and may always be changed in order to adjust itself in a recursive manner. Changes at the domination and legitimation levels may occasionally occur (Brunel 1998, personal communication).

1.4.2. Cultural Contract & East-West culture

Figure 5 is designed to illustrate my hypothesis on how the cultural contract is born when the Western organizational culture encounters its Eastern counterpart. As *Figure 5* shows, if we compare Eastern organizational culture (A) to Western organizational culture (B), when East meets West pragmatic organizational culture (capital C) may be generated. The cultural contract (lower-case C) also takes place in the process of communication, when the two agents—here, the Eastern agents of culture A and the Western agents of culture B—encounter and interact with one another. The cultural contract referred to in approach C (above) is a lower-case c in the lower-case circle. It evolves from the capital C—the mixture of the two organizational cultures. It is intercultural communication that made this occur: the need to adapt sowed the new cultural contract, and its life span depends on real situations.

Originally, this contract is evolved from organizational culture, linked indirectly to culture in a larger sense. Cultural contracts are interdependent upon each other: within the capital C, we can see the shadow of lower-case C, vis-à-vis, in the lower-case C, the capital C is indicated. Cultural contract is shaped by organizational culture, but is reshaping it, too.

However, the cultural contract is not in an explicit form like a high-context dialogue: it is implicit and changeable. Unlike organizational cultures A and B, which are relatively stable and formulated over an extended duration, the cultural contract is short-lived and is easily terminated. When cultures A and B—that is, Eastern and Western organizational cultures— encounter each other, a new organizational culture which is the mixture of the two (capital C) is formed. However, within lower-case C the cultural contract is unstable and fragile, temporal but dynamic. In the real world, when a new situation arises its structure is oriented towards change as a result of interaction in the process of strategic formulation.

In my research, cultural contracts are formulated when multinationals complete deals with China: in their corporate communication, in formulating marketing strategies, in management strategies and negotiation strategies. Strategies formulate this new contract, on two dimensions. From the structure perspective, structural properties consist of rules and resources; while from the agency perspective, the active role of agents is manifested through the action and interaction of agencies. When the structure and actions of agents engage in an interplay, minimally a new cultural contract is formed. Action and interaction

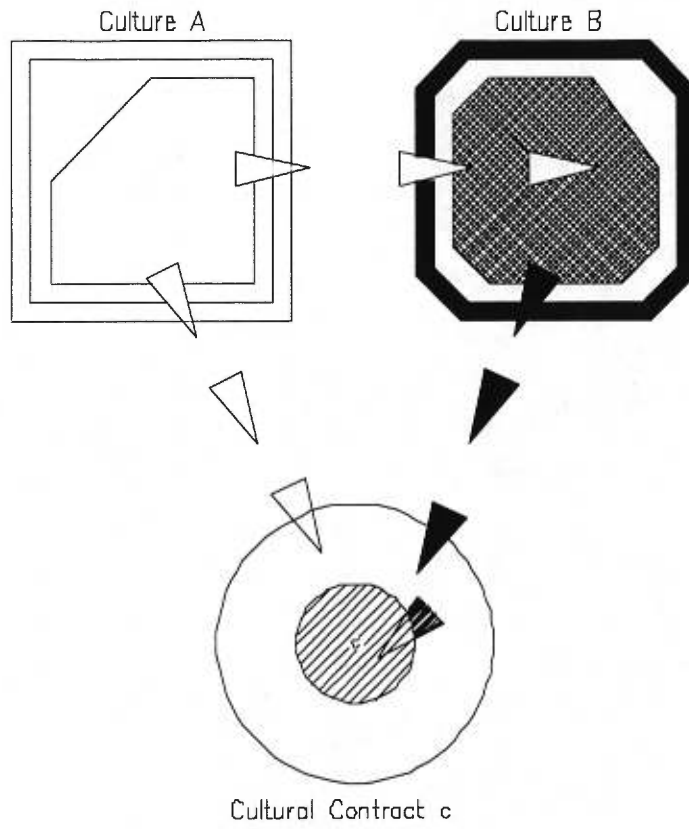
between human agents would keep the contract circulating with new blood: in this process, a newer contract is formed and reproduced.

This process can be interpreted from the model in *Figure 5-- Cultural Contract & East-West culture*. From the circulation between the three circles, the cultural contract is born. Of the uppermost two circles A and B, *culture A* represents Eastern culture, and *culture B* represents Western culture. *Cultural contract c* originated from A and B, when *culture A* is interacting with *culture B*. *Cultural contract c* is different from the parent cultures, and is recursive in nature. Its interpreted messages are also different. Let us assume A as Mai's organizational culture in China, and B for Mai's organizational culture in North America. In the modern world, when Mai established its joint-venture in China, a specific organizational culture in China—C is born. Meanwhile, a cultural contract, lower-case C, is born within the capital C, through the very process of doing business. The culture contract c not only exists in an invisible structure: it is also shaped and reshaped by emergent new cultural factors. *Cultural contract* is constantly modifying itself in the circulation process in order to better adapt into a new and chaotic environment.

In the strategy-making process, when intercultural communication occurs a strategic message which precedes actions is produced by members of one culture for consumption by members of another culture. In practice, however, unexpected consequences (Giddens 1984:12) would force the managers to change their strategies accordingly. This is when the cultural contract occurs. This contract in the area of strategy is always open to change, that is, to self-

adjustment. Its structure is embedded in practice; it is produced and reproduced through the interactions of human agents.

Figure 5 Cultural Contract and East-West Culture



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Chapter 2
Methodology

In order to verify the thesis' hypothesis, constructed according to an adapted theoretical model (*Figure 2*), it is necessary to collect fieldwork data from multinational corporations. The thesis problematic is the redefinition of the particular organizational culture that affects and is affected by corporate strategies. It is based on this logic, the hypothesis is constructed: cultural contract is a way to interpret inter-organizational exchange at the level of intercultural communication.

The study makes use of Giddens' structuration theory as a framework. This theory focuses on the process of interaction, and studies the production and reproduction of structure through human agent's action. Strategy-making concerns human agents' action and interaction, and occurs within organizational communication. Structure not only enables and constrains human actions, meanwhile; it is also the result and outcome of its previous actions (Bryant & Jary 1991:202). Based on Giddens' view, we might further infer that because action interacts with structure, strategy, as a plan of action, also interacts with structure. In this way, it is logical to suggest that strategy may be produced and reproduced through different actions. In the interactive process, a new form of cultural contract is likely to be generated through the interaction of the human agents. In this context, the cross cultural communication plays the role of interaction. Meanwhile, changes may also be generated. Along with new orientation of values, structural constraints and unexpected consequences of actions occupy this cultural contract.

Fieldwork results should be able to test the hypothesis. While testing the existence of a cultural contract in intercultural communication, I account for human agents' behavior and action in a chaotic world. Giddens' theory of structuration, should be used as an integral part to interpret human agents interaction. Among all the concepts, I emphasize on the unintended consequences of action for the reproduction of social systems, and various types of constraint as tools to analyze fieldwork results.

Strategy, as a plan of action, interacts with structure. The data collected in my fieldwork is aimed at indicating how the intraorganizational interaction of agents weaves and reconstructs corporate strategy at the levels of action and of structure levels. I also intend to trace evidence of strategic change to explain why these changes occurred. The changes manifest themselves through different corporate activities, such as marketing, management and negotiation. These activities are the locus at which structural propositions interact with agents, and the site where different cultural agents communicate.

In the fieldwork phase for this thesis, I used a descriptive qualitative method. The qualified respondents are selected among Chinese and Canadian-Chinese employees of Mai and Nica in their branch offices in China and North America. In this chapter, I shall justify the methodology I chose to use and further interpret research findings.

2.1. Descriptive qualitative approach and sampling

2.1.1. Descriptive qualitative approach

Giddens' structuration theory appeared to be difficult to apply directly on the fieldwork, specifically, on choosing qualified respondents, designing an interview framework, and collecting and analyzing data. Instead of acting to directly guide research methodology, the theory and its concepts should be seen as “sensitizing devices, to be used in a selective way in thinking about research questions or interpret findings” (Bryant & Jary 191:213). Examples I identified in Giddens' list of accomplishments demonstrated the need of focusing on constraints and unexpected consequences of action as basic guidelines.

The appropriate methodology I chose to apply in the fieldwork is a descriptive qualitative approach. This method appears more effective in studying structure and action than would a quantitative methodology, in that it enables researchers to observe how dynamic corporate strategies change triggered by an invisible hand. For this type of research, quantitative results are not appropriate for analysis; a descriptive qualitative approach, on the other hand, is able to obtain narrative data for analysis, characterizing a popular methodology in intercultural communication studies with which researchers can detect hidden messages and interpret information correctly without causing hermeneutic problems.

According to Giddens (1984:334), all social research presumes a hermeneutic moment, which means that actions should be studied not only at

the indexical or statistical level, but also be explored for the presumptions that may remain latent. In studying communication in social life, one must remember that such communication is expressed through the actor's actions; accordingly, the study should not only concentrate on a meaningful social world constituted by lay actors, but should also interpret the "meta-language" conceived of by social scientists. Especially in a different cultural milieu, hermeneutic moments frequently occur, and therefore, a qualitative approach is the proper method to use.

As we have seen, the quantitative method may, when applied to such research, generate hermeneutic problems; it is not effective for interpreting hidden messages. Two further reasons exist for the choice of qualitative rather than quantitative methodology in this study. The first is the characterized as "the hermeneutic elucidation of frames of meaning" (Giddens 1984:334), and the second, "the investigation of context and form of practical consciousness" (Giddens 1984:334). Besides, quantitative data are produced, and their statistical research results are relatively fixed—yet in social life, studies cannot always aim at providing a fixed answer, especially when communication is viewed as a process of the action (Giddens 1984:330). "Social data are never only an index of an independently given phenomenon but always at the same time exemplify what it is they are 'about'-that is, processes of social life" (Giddens 1984:334).

As illustrated by Giddens (1984), qualitative methods should apply when only a handful of individuals is involved in the research. This is my study's case.

Quantitative methods are usually demanded when a larger number of cases of a single phenomenon are to be investigated (Giddens 1984:333), while qualitative methods should be applied when they consists of ethnographic reporting, in as much as that approach takes “hermeneutic elucidation as frames of meaning is purely descriptive rather than explanatory” (Giddens 1984:334).

2.1.2. Sampling

Although part of the field research was carried out in China during the summer of 1996, the final field research scheme was not completed until late 1997. In this thesis, I attempted to conduct related sampling (*Figure 7*)—the process of selecting qualified respondents—which correlated strongly with the hypothesis. Since I am studying the ***cultural contract as a way to interpret inter-organizational exchanges at the intercultural communication level***, the qualities of the samples, such as age and socioeconomic status, are as important as cultural differences. The selected respondents were aged between twenty-five to fifty, and were all Chinese or Canadian-Chinese employees of Mai and Nica. They are male or female engineers or managers in various technical departments of Mai or Nica. The reason for having chosen Canadian-Chinese or Chinese employees of foreign enterprises is because the work focuses on cross-cultural communication. These managers are exposed to a different culture, and work in a Western corporate environment. Meanwhile, as Chinese, these interviewees are brought up in Oriental culture, whether in

Canada or in China. They share cultural beliefs, norms and values, and it is they who are able to determine whether a cultural contract exists or not.

Those involved in management work are sampled as target interviewees, for the reason that managers, as hubs for internal and external communication, are the individuals who lay out strategies within a company. Their special position makes them the key persons in corporate communication, from the inside out. Internally, they play the decisive roles in designing and reviewing strategies at the corporate level, while externally, they are the actual agents who formulate living strategy at the negotiation table or launch marketing campaigns. Managers are involved in various kinds of strategic formulation internally and externally. Similarly, as managers engineers are in a position to capture both rules and resources, which are the major components of organizational structure. The duality of this role is manifested in the fact that they reflect both allocative and authoritative resources—the resources which constitute structures of domination (Giddens 1984: 258).

In Canada the Chinese and Canadian-Chinese managers selected as qualified respondents were chosen from Mai's and Nica's parent companies in North American branches. As Chinese or Canadian-Chinese working in North American companies, most of these people still attach themselves to Chinese culture. As Chinese, their degree of Westernization is different from those managers in China, however, due to their experience working abroad. They may be more or less influenced by Western norms and values, apart from their own Oriental culture. Of twenty interviews with Mai and Nica personnel, I

succeeded in securing twelve complete answers for analysis: each company averaged six, with six total respondents in China, and six in Canada (*Figure 7*). Almost half of the Chinese interviewees were selected in China in my fieldwork, and the rest were introduced to me by previous Chinese interviewees. The Canadian-Chinese were selected through my personnel observations in Nica while I worked for that company. They are chosen from a larger sampling range according to the above selection standards.

Apart from telephone interviews, face-to-face interaction was an important aspect of the interviewing techniques employed. Internet and e-mail also proved to be efficient devices for long-distance communication: these were convenient and helpful in the process of sending questionnaires to China, collecting information in Canada, and tracing certain interviewees to elaborate their answer.

In the fieldwork, I chose mid-level rather than high-level management teams. Previous research suggested that it is difficult for researchers to target high-level managers to obtain information on real corporate strategies on specific issues, especially in a short period of time. Researchers need to be involved with the business for a long time in order to obtain qualified data; finding the appropriate level of qualified respondents proved to be crucially important to fieldwork. Based on the above thinking, I focused on the segment of managers and engineers who are also involved in management work. Managers are vital parts of an organization.

2.1.3. Questions

In order to determine whether the interview questions were well-developed or not, after having designed the questions, I tested them with a Chinese engineer working in Mai, China. Mr. Liu, who has experience in management, works in an intercultural environment. He is open and easy-going, and shared a great deal of valuable and interesting stories with me.

In the phase during which I was reviewing the questions of the survey in Canada, I contacted him again, asking if he could aid me in identifying further colleagues to participate into my field survey. This allowed me to easily recruit more qualified respondents from Mai and Nica. Some of those whose accounts seemed at first unimportant proved, later on, to be valuable to my research: the data collected was compatible with my hypothesis, proving the birth of a new cultural contract in the adaptation process of cross-cultural communication. The special particularities of the cross-cultural environment mean that the interaction of individuals, mostly in the form of informal contract, produced and reproduced a unique structure which, here, is fragile and short-spanned, existing only through the agent's social practice.

The questions which make up the questionnaire are not designed to test attitude or how knowledgeable the interviewees are in making decisions. The focus, rather, is on their managerial styles and communication patterns and on the emergence of strategic change. Therefore, apart from general information, my fieldwork survey consists of three parts: marketing strategies, management strategies, and negotiation strategies. These three kinds of strategies are

variables. The places at which strategies are manifested are the location at which interaction takes place, and culture is linked together not by people, but rather by communication.

Different forms of interaction and different rules of evidence are associated with argumentation and narration, and when these forms and rules develop over time, they shape quite different structures (Weick 1986:245).

The reason why I used close-ended questions is also based on the thinking that

the meaning of every aspect of any investigation is important, and it is especially important for cross cultural work since the researcher does not know the meaning that people of other cultures attach to our research process (Brislin & Lonner 1973:12).

Cross-cultural research design is, of course, difficult; what is more, the connotation of "culture" is broader in the Chinese language than in English. Interviews undertaken in China and oriented toward Chinese interviewees may therefore have been steered by the interviewees into other domains, such as discussing Confucius' influence in China or other topics that do not fall within the boundaries of my research. In order to generate desired results, therefore, several close-ended questions were used. These served as a direction for the interviewees, who moreover became encouraged to talk beyond the guided answers. It is difficult to elicit the desired answers in a short period of time using such an approach. Interviewees with different cultural backgrounds may not be willing to release information that is important but secret, and this placed a constraint on the research undertaken. The close-ended questions were like the formulation of a plot, bringing interviewees into my play and moving them to involve themselves as actors and elaborate their roles.

2.2. Documentation, observation and interviews

2.2.1. Documentation

My fieldwork is attached to the thesis problematic, which is to redefine the particular organizational culture that affects and is affected by corporate strategy, whether a cultural contract exists or not. The methodology consists of three parts: documentation, interview and observation. For documentation, I referred to the data collected through company profiles. Besides periodicals from public and academic libraries, I had access to Mai and Nica's internal company magazines and annual reports (*Figure 7*). Thanks to the interviewees I met in Beijing in the summer of 1996, I found that these materials which circulate inside companies are good tools for analyzing communication patterns and corporate strategies and for understanding the corporate structures. They revealed a great deal of information about the actions of the management decision makers.

The issues of periodicals and newspaper clippings to which I referred hailed mostly from the communication and business fields; in particular:

- Academy of Management Review, Vol.13 No. 1: 53-64.
- Accounting, Organizations and Society, Vol.15, No.5:155-177.
- Administrative Science Quarterly, Vol. 31: 78-108; Vol.28: 339-358.
- Canadian Business Review, Spring 1996: 18-21.
- Communication Monographs, 51: 227-242.
- Communication Quarterly, Winter:12-28.
- Harvard Business Review, July-August 1987:66-75.

- Fortune, May 27, 1996:118-121.
- International Business, July/August 1996: 16-20.
- Journal of Managerial Psychology, Vol.9 No.1: 7-12.
- Organization Science, Vol.3., No.3, August 1992: 398-427.
- The Economist, Sept. 13-19th, 1997:3-34
- The Financial Post, Oct. 5, 1996: T17.
- The Montreal Gazette, No.8, 1997: B2, T2.

The emphasis on information acquirement is not part of a technical focus, but rather, provides material on the narration and argumentation of corporate strategy. Documents with updated information may be hard copies, or soft copies from e-mail, the World Wide Web, and networked CD-ROMs. The magazines and newspapers mentioned above are for the most part related to actual business cases; several articles translated from Chinese to English were used. Besides the company magazines I found in China and Canada, I also received similar materials from Nica and from China by mail. Some of them, such as Nica's 1996 Annual Report, is from their North American headquarters, while others are printed in China, focusing more on joint-venture development.

The magazine topics vary from construction of leadership styles or communication at different levels inside and outside the company to corporate strategies. *Yi Dong Zhi Sheng*, *Teletalk* as the business magazine (English-Chinese) of Mai China is oriented to Mai employees to inform them of ongoing developments within the company and to provide a general picture of China Telecom. Since the beginning of 1995, it has been running a regular

publication once every two months. The detailed information is of special interest to cross-cultural research in terms of manager-employee communication.

Different section of the magazine revealed different strategic emphases of the company, as well as their actions and structure. *Know the competitors*, is a typical topic introducing Mai's competitors, who are other telecommunication companies in China, among which are Nica and Elta. The article reminds the employees of Sun Tzu's strategic preach: *know your enemy and know yourself, and you can fight a hundred battles with no danger of defeat (Teletalk 1995:24)*. *Our Branches*, on the other hand, centers more on the company's activities, such as the New Year's Celebration or others. From one of Mai's New Year Party's photos, I was able to infer a harmonious and friendly relationship between the company leaders and the employees (Teletalk 97:30).

2.2.2. Documentation analysis

The corporate life of the companies reflected in the magazines, newsletters and annual reports showed how East-West organizational culture is formed through encounters. The documentation disclosed that cultural contract is formulated whenever there is necessity. And this cultural contract approach is engaged through a mutual understanding of Eastern and Western human agents. I will further analyze the documentation findings.

A. Nica's corporate strategies

Marketing strategy: a Research Center

In July 1995, Nica established a research center in a highly respected Telecommunication University in Beijing. This research center targets two research issues: wireless and business networks. In order to strengthen their team, they recruited graduate students in this university and several visiting scholars. All of these come from departments of wireless communications and computer science. The center is marked by its English-speaking environment even as it is described as having a flavor of *Oriental culture* (Chen 1995). By the end of 1995, the center had expanded to include 100 people. This is a joint program born under the plan of China MPT (Ministry of Posts and Telecommunications) and Nica's global strategic need (Excellency 1996:7).

The setup of a research center is part of Nica's global marketing strategy. Besides the joint-venture approach, Nica stated that its advantage lies not only in the market, but also in its marketing strategies (Excellency 1996:7). By setting up the center, Nica localized its technological team, enhanced its management practice, and attracted more professional researchers. By building this center in a university, Nica is opening its opportunities to young students who, in turn, are prospective engineers and managers.

Management strategy: cross-cultural orientation program for expatriates

In Fishman's (1996) article "*Developing a Global Workforce*", I noticed several of Nica's management strategies targeting at the cultural problem for its expatriates. In his view, a "cross-cultural orientation program is an important part of the expatriation process" (Fishman 1996). Cultural training programs are developed to cushion expatriates against culture shock by preparing them before they are sent to host countries. This is, meanwhile, an adaptation process, including interactive presentations, role playing, case studies and reflective exercises to encourage participatory learning through cultural contract. These programs are designed to avoid failures for the international assignment. They have proved to be cost-effective and have gained satisfaction from both the host country and Nica headquarters.

This example in the documentation again proved the existence of a cultural contract in organizational culture. When the West encounters the East, human agents involved in management are the first to notice the problems that arise, while strategic decision-makers must try to find solutions which minimize cultural shock and solve such problems. The implementation of cultural training programs as partial solution to such problems may be interpreted as one form of cultural contract. Analyzed with Giddens' guidelines, the problem can be interpreted as a structural constraint. They are the priority of the authorities accessing to resources, shaped and reshaped the strategies, mediated the

human agents' actions in the deals. On the other hand, it demonstrated that real strategies in the form of the cultural contract, such as the training program, are ad-hoc. They are produced and reproduced through the human agent's actions in chaotic reality. Unexpected consequences of action, such as the other difficulties in cultural adaptation for the expatriates, might occur any time, reproducing their strategies.

The return of many well-trained expatriates proved to be the failure of such cultural training programs. This indicated that it is hard to predict a cultural contract. Furthermore, it is also hard to imitate a process of a cultural contract. There is no way to prepare solutions for a bad result before an action. Despite of the knowledgeability of the human agents, unexpected consequences of human agents' action may happen. The ad-hoc shape of this cultural contract in chaotic reality requires flexible strategies.

Negotiation strategy: hurdle in joint-venture

According to *Nica people*, Nica China's vision is described this way:

Be the leading company delivering advanced telecommunications network and services through superior customer value, in-country research and development, partnerships, employee loyalty, and profitable growth (Nica people 1996).

In reality and in terms of specific corporate strategy, however, not all of the strategies are operating quite as smoothly as expected by Nica personnel. An experience in setting up a Nica joint venture I found in the JV update section is another vivid example to prove the existence of a cultural contract. Besides

listing the achievements of its joint ventures in Shekou, Shanghai, and other places, *Nica people* admitted that

the major hurdle in providing this connectivity to the JVs were attribute to stringent corporate security requirement and unexpected delays from the local telecom authority (Nica People 1996).

They believe that the reason why the joint ventures were not set up efficiently was due to the local telecommunication authority, which suspended operations when a World Conference was held in Beijing. They further stated that "we recognize the critical need for information exchange between our joint-ventures and Nica will strive to make it so." (Nica people 1996:22). In this case, "the critical need for information exchange" refers to good corporation and effective communication. The event also indicated that the unexpected consequences--delay by local authorities, brought up by the structural constraint, or here, the rule that all projects must wait for the World Conference--may alter corporate strategy. Nica was forced to reorganize a temporal cultural contract, a new strategy. The strategy was born of the interaction between human agents, i.e. in the negotiation process with local telecom authorities. This hurdle may be interpreted as a structural constraint forcing Nica to change its strategy. It mediates the structure, enabling and appropriating further actions.

B. Mai's corporate strategies

Marketing strategy: the only Joint venture in the whole world

Early in December 1990, Mai set up the first joint-venture in Hangzhou. From 1991 to 1995, the cooperation with Mai has springboarded Hangzhou

Telecom Equipment Factory, a medium sized enterprise, into the group of forerunners in China's telecom manufacturers. During these years, "the factory has more than doubled its various economic index, and was listed into one of the top 500 enterprises in China" (Teletalk 1997). Mai also benefited from this "marriage", especially in cultivating talent. These talents, with advanced international management and technical training, have become the linchpin of their Mobile Telephone Department.

From my interview, Mr. Lai of Mai recounted several episodes of this joint-venture process to me. One of the concerns that makes Mai hesitate in establishing a joint-venture is the fear of losing tight quality control in China. At the beginning, some misunderstandings in communication happened as a result of different standards in technological work. Gradually, Chinese engineers understood and accepted the Western standard, thereby pushing joint-venture production into a new stage. In this process, cultural contract is formed in the interaction between the human agents.

Management strategy: personal commitment

Besides technological issues, Mai's company magazines placed its emphasis on management strategies for educating employees. From the information and contents of these non-verbal communication materials, I was able to discover what we might call Mai's genetic structure. Mai's corporate culture (capital C) was manifested in strategies which encouraged Chinese employees to be good citizens; which expanded programs at its Mai Universal

University; and which demanded personal commitment to Mai employees for a career plan.

In an article entitled «*Personal Commitment is Required to Develop your Career Plan*» (Teletalk 1996: 22), Mai's leaders put emphasis on the employees' career plan. It assured employees of their achievement through incremental hard work. This, as they stated (Teletalk 1996: 22), can be realized by combining personal goals with Mai's organizational objectives. As a Western firm, Mai, undoubtedly values individualism, and so this strategy could be interpreted as indicating that Mai intends to seek commitment from its employees to the company. It appears to that they, however, value individuality. As a reward, Mai deepened its commitment to its employees: those who would spend ten years of their life with Mai, for example, would be put on the list of a housing plan. Eventually, they would be accommodated in a modern living quarter in Tianjin, and Mai would subsidize their house purchase. The company is trying to promote its corporate strategy to employees through the internal publication.

Negotiation strategy: donation for schooling

From another magazine, I noticed that Mai uses donations as a strategy to promote its public image. Later, these donations are used as strategies in negotiating with the Chinese government. Besides acting as a beneficiary for a great variety of schools across China, it was very helpful for Project Hope—a project to sponsor the schooling of impoverished children in remote regions.

The first contribution was three million RMB yuan, supporting the construction of tens of primary schools in about ten provinces. In March 1996, it made another three million RMB yuan donation to Project Hope. This made Mai the first foreign enterprise to support schools in the remote regions in China with such a great amount of funding. Its assistance program benefited more than one thousand children.

This special tactic as corporate strategy is aimed at a long-term effect, rather than a short one. On the other hand, it is used to gain favor from the Chinese government, that is, to establish *guanxi* (connection) with the government. This is a recursive circle or gradual process, and the structure is produced and reproduced through the action of human agents. Here the action, donation, is used to work for a better structure, to obtain greater convenience from the government in its business practices in China. The cultural contract is invisible. Illustrated by Giddens, the concept of the hermeneutic moment helps to interpret the cultural contract between Mai and the Chinese government. The real purpose of donation is not on funding for schooling, but rather on its own business. The structural constraints, the priority of the authorities accessing to resources, seems to come from the government. Therefore, Mai shaped its strategies accordingly, mediating agents' actions in deals. Nevertheless, this cultural contract is based on verbal agreement. Unexpected consequences, including the lack of appreciation a government might display for a company's actions, may also occur, which would entail an investment in reshaping corporate strategy.

2.2.3. Observation

The second part of my fieldwork is observation in a high-technology environment. From August 1997 to January 1998, I had the opportunity to observe company strategic making process, working for Nica's audio teleconference network in Montreal. The teleconference bridge is a communication hub linking Nica's managers and executives together to a terminal from across the world. In the daily work of operating and coordinating audio conferences, I had access to a network of executives and managers of Nica on a global scale, and was responsible for teleconferencing projects with Nica's Asia-Pacific companies. Besides this, I was coordinating conferences for managers from all Nica branches in Asia-Pacific, Europe and North America; from work, I had access to information, for example the schedule of executive meetings with Nica Hong Kong, the type of issues brought up in Nica China, and so forth. This, then, was an opportunity to observe strategic formulation process in a cross-cultural context. Unlike Barley, however, I did not record the conversations from participants, because it may raise sensitive issues concerning highly confidential conferences of Nica's executives.

This observation experience helped me in three ways. Firstly, in a real corporate communication environment, I developed a better understanding of telecommunication business. Secondly, it provided a wider range of candidates from which to select qualified respondents for my survey. Thirdly, in the observation process I myself, as a manager and agent of Eastern culture, was involved in communication with other agents of Western culture. I was thus able

to observe the process of strategic formulation, and change in daily interaction in this typical occidental enterprise. It was at the conferences that managerial strategies took place. This six-month observation period inside the teleconferencing company helped me greatly to understand my research theme. In this observation period which lasted 6 months at 10 hours per week, I noticed the existence of a cultural contract to justify my hypothesis.

2.2.4. Observation analysis

The six months observation experience in Nica's teleconferencing company in Montreal is fruitful on learning the process of corporate strategic making. In the aspect of cross-cultural communication, in the strategic formulation process, I noticed problems such as cultural coalition, misunderstanding, and stereotypes. Some Western managers who have never been to China have developed biased impressions of Chinese. One department manager in the company told me that she believes that the Chinese are not good team players. She said that it is sometimes hard to understand their actions. In terms of communication, they are not as expressive as Westerners, and always avoid eye-contacts. However, in group work she was amazed to find that the Chinese worked harmoniously with other team members, which completely contradicted her original view that Chinese do not like teamwork as much as do Westerners.

The manager's view is the common stereotype held of the Chinese. It is important to keep in mind that the manager whose view seemed so biased

knows little of China. For managers like her, in their own words, their major information sources are the mass media channels which contain only limited information about China. This manager admitted that she believes an invisible hand must be causing difficulties in communication. It might be “the cultural thing”. It is in the action of human agents that the Chinese integrate and work well in a group work; it is this that changed her mind and further changed her strategies towards the Chinese. She realized that Chinese are more group-oriented rather than individual-oriented. When linked with my hypothesis, this provides further proof of the existence of a cultural contract. However, this example showed that the cultural contract formulated is fragile and likely to be changed. Unexpected consequences of the action, here the Chinese employees’ good cooperation in team work, helps shape and reproduce the strategies as a consequence of this action. It has also altered structure as a result.

The advent of modern telecommunication has greatly enriched people’s lives, empowered them to see further and hear more without necessarily leaving their homes. As a modern communication device, teleconferencing systems have provided much convenience for multinational enterprise in making global corporate strategy. In the process of operating teleconferences for Nica’s executives and managers, I was able to observe Nica’s strategy-making process from a broader range of time and space, from Asia to Australia, from Europe to North America, on a system running twenty-four hours a day, seven days a week. In this observation experience, I intentionally sampled

Chinese managers as qualified respondents for my interview, such as those working in Nica Canada, Nica Hong Kong, Nica Beijing.

The information I collected is public information released by the managers engaged in the conferences or from other teleconferencing companies. The teleconference service shares a cell with other telecommunication services, such that which serves cellular telephony. Telecommunication, as hardware, aims at facilitating human communication, the software. In the information age, telecommunication links people across time and space to realize an information transmission. Modern telecommunication is also originally based on a receiver-sender model of communication.

2.2.5. Interviews

The corporate strategies were studied in the context of two multinational telecommunication corporations—Mai and Nica. The study of corporate communication strategies includes aspects of marketing, management and negotiation. The original purpose of this fieldwork research was to generate a kind of “structure” through the interaction of agents, according to the interviewees’ accounts.

In order to gather qualified data, I went to the Nica and Mai’s offices in Beijing, China to carry out interviews in the summer of 1996. This experience also assisted in building up a network of connections in China for further in-depth fieldwork. On the other hand, at that time, I had not yet taken a course in

methodology, and still had doubts as to how to construct the proper theoretical framework, not entirely sure of which questions it is proper to ask in an interview. After having returned to Montreal, I took the course, redesigned my survey questions, and launched another round of fieldwork in Canada and in China.

2.2.6. Interview analysis

In order to obtain valuable data, I intentionally chose those Chinese or Canadian-Chinese managers exposed to a cross-cultural environment who have the experience of making corporate strategies in multinational enterprises. The interviewees, either from Mai or Nica, are categorized into four kinds:

- A. Chinese origin, born in a foreign country, stayed in Canada for more than 10 years.
- B. Chinese origin, stayed in Canada for 5-10 years or more; or Chinese immigrant stayed in Canada for less than 5 years;
- C. Chinese, working in a multinational's branch company in China;
- D. Chinese expatriate working in the multinational's branch company in Canada.

Although I sent out 20 questionnaires to the Chinese managers in Mai and Nica in their Chinese and Canadian companies, I had received twelve complete responses to the end of February 1998 (*Figure 7*). Because I limited the scale of my fieldwork to two multinational companies, Mai and Nica, I was able to balance things out with six answer sheets for each company. For face-

to-face interviews, the duration was around 1.5 to 2 hours. Besides face-to-face and telephone interviews, I used E-mail and Internet. I also went to browse the web-site of the two companies for more up-to-date information. Like much research, my fieldwork met with a number of unanticipated difficulties. In the summer of 1996, I returned to Beijing, China to start the interview work, but my methodology became fully developed only after I had taken relevant courses, that is, in 1997. At that time, I had to contact these interviewees again to complete the survey, now mostly by e-mail. Because of high long-distance costs, interactive telephone interviews were sometimes impossible. Interviewees were scattered across various cities: Beijing, Hangzhou, Shanghai in China to Montreal, Toronto, and Ottawa in Canada. Under such circumstances, Internet and e-mail proved very helpful. On the other hand, one of the crucial conditions which guaranteed the smooth functioning of my fieldwork was a good connection network in China. With the help of the previous interviewees whom I contacted in China—one key person in Nica and another in Mai—I was able to build a network of qualified interviewees. They introduced their colleagues and other qualified people to be involved. Some interviewees even made an effort to disseminate my survey to other qualified colleagues to help me complete the research. Although some answers were too brief and incomplete, I was able to trace the interviewees and ask them to elaborate in order to make more sense of their stories. Generally speaking, the interviewees cooperated very well. Even though some interviewees in China had never met me except through e-mail, they took the time to write long

answers for me, responded to my further queries, and provided comments on the questionnaire design. Finally, I had gathered a good collection of interesting first-hand stories.

2.3. Data and limitation

2.3.1. Adapted model as criteria

The survey questions are designed according to *Figure 1*. This is because that cooperate strategy is related to the categories of culture and social structure. Strategies could be found in both cultural system and social structural system.

As illustrated in *Figure 1*, structure should be seen as what gives form and shape to social life, and exists only in the activities of human agents. Therefore the questions aim at gathering data on the interaction between the structural properties and agents. Based on the theoretical approach of Giddens, the theory of structuration could be used to interpret how agents' interactions produce and reproduce in social structure within a company in the management level. On the other hand, in order to understand the interaction between agents in real-life situations, the asking of questions should be something like the laying of plot in the theater. One needs to challenge the interviewees and play devil's advocate, pose hypothetical situations to dig out specific cases, to learn its effects and communication strategies, to find out misunderstandings, and barriers of communication. These barriers are constraints that make changes happen.

2.3.2. Variables in studying corporate strategies

The questions in the survey may be divided into three parts: marketing strategies, management strategies, and negotiation strategies. They are the three variables in the test. The first part is to investigate the marketing strategies, the second one to research the management strategies, while the third one, focus on the negotiation strategies. The focus is on their managerial styles, communication patterns, and a strategic change. That is why I used these three variables to work on corporate strategies.

Some questions are designed to collect general background knowledge, whereas others are constructed to generate specific stories of agents' actions. At the end of each part, the last questions are for the purpose of collecting unintended consequences of the agents' actions. In the negotiation section, the related background information includes medium of communication, time, location, purpose and motives of the meeting. The outcomes of the collaborative ventures after the negotiation were also taken into consideration. Furthermore, it also served to test how two parties with different cultural values communicate in the negotiation. The study is focused on an entire story of what negotiators do rather than a measure of whether they are highly or less effective as negotiators.

Corporate strategies, whether internal or external, are designed to measure from several angles. Questions about hierarchy, power and dominance are focused on asymmetrical relationships in order to test

hierarchical power structure, dominance and control. The management strategies refer to strategies at both the individual and organizational levels. Career advancement is related to company loyalty and career training. Generally speaking, the center of the survey lies in communication, including both verbal and non-verbal communication behavior. The fieldwork also touches the issues of language barrier, different communication patterns, and conflict management. Communication concerns with information transmission, the relationship between the incoming message, resource, and his or her response. In cross-cultural communication, interactions are contextual, and so in order to measure agents' capability in intervening in certain contexts, I designed questions with given cultural contexts and close-ended as well as open-ended questions to measure pre-conception, stereotypes, and change.

The interview experience suggests that the qualitative methodology I used is a good choice in this type of intercultural research. From the research findings, however, some of the limitations of this method also came to light. Giddens' theory of structuration focuses on a study of process, and the data would be more reliable if gathered over a longer period of time. This indicated a constraint for me in completing this research in a comparatively short period of time. Moreover, I used the theory as a device in a selective way, in a manner unlike other research. The interviewees originated from different cultural background and had various mentalities. Facing such intercultural research, some of them were not open minded, and they seemed to have difficulties in releasing some sensitive information that may help to explain their actions,

largely because of different cultural contexts, organizational rules and interview environments. The qualitative method, which is stronger in interpreting what are likely to be the underlying meanings of discourse and action, proved to be an effective method in this research. But in a context that requires more precise data, it seems to have limitations.

Figure 6 Fieldwork Table

<i>Fieldwork</i>	<i>Number of Items</i>	<i>Details</i>
<i>Company magazines, newspapers & annual reports</i>	<i>n=12</i>	<i>6 from Mai, 6 from Nica</i>
<i>Observation</i>	<i>6 months</i>	<i>10 hours/week</i>
<i>Interviews</i>	<i>n=12</i>	<i>6 from Mai, 6 from Nica</i>

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Strategies, should be able to form even as they are formulated. Actions may converge into patterns. This pattern, to me, is a communication pattern in a strategy-making process. They may be explicit or implicit in the process when managers are making strategies. The focus is on their managerial styles, communication patterns, and a strategic change. The structure would reflect the

actions of the agents. From my fieldwork results, from the daily activities of the managers I would like to see a change of this structure. The places to manifest these strategies are the locus where the interaction takes place. They should be the places to start fieldwork survey; in this thesis research, they are in the corporate communication of Mai and Nica. Descriptive qualitative methods fit well with the study of such problems in corporate communication. The sampling range is bounded by the Mai and Nica companies, and the qualified respondents are the segment of managers who are Chinese or Canadian-Chinese. Besides using the interview method, I was also able to implement a six-month observation period on the process of strategic formulation at the corporate level, conferencing in Nica's teleconference network. My work happened to deal with Nica's corporate clients exclusively in Asia-Pacific region. The documentation collected provided relatively objective views to analyze and interpret fieldwork results with regard to corporate strategies.

Figure 7 Methodology

<i>Companies</i>	<i>Mai</i>		<i>Nica</i>	
<i>Countries</i>	<i>China</i>	<i>Canada</i>	<i>China</i>	<i>Canada</i>
<i>Interviews</i> <i>Number of interviewees</i> <i>n=12</i>	1. Lai, Y. <i>Engineering Department</i>	4. Liu, L. <i>Cellular System Maintenance Department</i>	7. Hong, L. <i>Transport Networks</i>	10. Yie, W. <i>Broadband Networks, Nica radio system design department</i>
	2. Dang, J. <i>Commercial Operation Department</i>	5. Gong, G. <i>Sales Department.</i>	8. Bai, H, <i>Digital Packet Switch System</i>	11. Lu, H. <i>Digital Packet Switch System</i>
	3. Guo, W. <i>Cellular Infra-structure Group/ customer support center</i>	6. Yong, C. <i>Magellan Department</i>	9. Chung, P. <i>Computer system Department</i>	12. Xie, Y. <i>ISDN—integrated service digital network</i>
<i>Documents</i> <i>Number of documents</i> <i>n=12</i>	<i>Teletalk January 1995</i>		<i>Excellency June 1995</i>	
	<i>Teletalk March 1995</i>		<i>Nica People May 1996</i>	
	<i>Teletalk May 1995</i>		<i>Annual Report '96 January 1997</i> <i>Talk about solutions</i>	
	<i>Teletalk January 1996</i>		<i>Telesis Issue 103, July 1997</i>	
	<i>Teletalk January 1997</i>		<i>Nica World '98 Dec. 1997/Jan. 1998</i>	
	<i>Teletalk February 1997</i>			

Chapter 3

The telecommunication industry and its development in China

In most developed countries, where many cities are less dense and people prefer to use telephones in cars, Personal Handy Phone System (PHS) may have no markets. In China, Taiwan, Hong Kong and other Asian countries, however, this new low-cost digital service appeared and rapidly achieved a high level of penetration (Cairncross 1997:24). This technology helps speed up communication between people and empowers people to communicate efficiently across distances. The birth of the telecommunication industry may be dated back to 1901, when the Italian Marconi invented wireless telegrams and put it into use. This invention marked a milestone of wireless telecommunication for all people. Today, computerized networks and the related PCS (personal communication services) devices make wireless telecommunication the fastest-developing sector of the telecommunication industry on a global scale.

The two telecommunication companies I researched on are the leading concerns in the telecommunication industry, and both are giants of high technology. Their telecommunication products include personal computer, cellular phone, semi-conductor wafers, even cars. The majority of the interviewees from the joint-ventures of Mai and Nica are engineers and managers in the cellular telephony sector. In the branch company of Nica Asia-Pacific, the work deals with teleconferences, including audio, video and Internet conference networking.

Telecommunication is a matter of communication, infrastructure, and enterprise network. In terms of mobile communication, the telecommunication industry's main feature lies in sharing information. The telecommunication

infrastructure depends on modernization of networks, multimedia capabilities and expansion of networks. As for enterprise network, computing network is its supporting pillar.

For this industry, deregulation and privatization are decisive factors. It is an industry facing intense competition. Generally speaking, on a global scale, besides Nica, Alcatel and NEC are the major giants in the market (Schoenberger 1996:120). In China, after the market is open and privatized, the foreign telecommunication companies gradually shared the market (Schoenberger 1996:121). In this chapter, I shall present the development of telecommunication in China, analyze its strength and weaknesses, and define the company profiles of Mai and Nica.

3.1 . The development of telecommunication in China

3.1.1. The Canadian-Chinese trade

China is only second to Japan as a prior market for Canadian business in the Asia Pacific region, according to a report from the Conference Board of Canada (Todd & Michael 1994). With the demand for rapid development in the Chinese economy, more and more people realize that only Western countries have the capital and technology that China needs to become a world class economic and political power. This need for modernization has generated opportunities for international enterprises. Canadian companies, business communities and multinationals such as Nica are eager to enter and exploit this vast market with 1.2 billion people. Canadian firms have won a great number of

contracts in the power and telecommunication sectors, and are well-placed vis-à-vis their competition for major export contracts over the next few years in these areas. With its growing knowledge and awareness of China, Canada has established more and more cooperative programs with China in areas ranging from medical research to educational exchanges. The major Canadian government agencies, EDC (*Export Development Corporation*), CIDC (*Canadian Commercial Corporation*), and other Canadian departments are actively promoting Canadian products and services to China. Business organizations such as the CCBC—*Canada China Business Council* have been created, in cooperation with *Chinese Federation of Industry and Commerce* (Todd & Michael 1994). A growing number of Canadian companies, among them Hydro Quebec and the Bank of Montreal, have set up offices in Beijing or other major cities in China.

3.1.2. The development of cellular phone market in China

The telecommunication network is making impressive progress. According to the International Telecommunication Union, around the year 1997 the Asian Pacific region would exceed North America and Europe and become the area with utmost amount of tele-message. Asia becomes the hit market of the day for multinational telecommunication company to compete and enter (Schoenberger 1996:120). Generally speaking, three reasons are attributed to this development. Firstly, in Europe and Asia the telecommunication market has gradually been privatized. Secondly, more and more people are involved in the

industry lately. And thirdly, the price of phone equipment and mobility service fee is decreasing (Bothner-By 1996:32).

China has now established sophisticated telephone and telegraph service, with a large national radio network covering almost all the regions within China. However, there is still limited telephone service before Mai, Nica and other foreign companies entered China, taking large share of the Chinese market. Nowadays, with the advent of computer aided high technology, the cellular phone market is booming in China. The development of telephone market in China breaks into three phases, the first phase is from 1949 to 1979; the second one from 1979 to 1990; and the third one is after 1990 to now.

The development of telecommunication market in China may be traced back to 1949, with the establishment of Ministry of Posts and Telecommunications (MPT). However, the market is state-controlled, and the industry concerned is wedded to the political system. The market is manipulated by the Ministry; however, telecommunications have relied on the post to survive. Before 1979, the rate of personally-owned phones in China was less than 1%, most of which are old-fashioned switch phones. The bureau in charge of urban calls not only had wireless services, but also provided normal phone services (Teletalk 97).

Around 1979, a new kind of switch occurred--the Zongheng system was introduced. With the reform introduced by Deng Xiaoping, post-1978 China has changed its economic policy and opened its door to the outside world. From 1985 to 1987, digital phones providing mobile telecommunication technology

and a modern way of communicating was imported from Canton into the hinterland. In 1987 the cellular phone was introduced from abroad into Beijing and Canton. The first group of products was made by Mai. By 1989, according to statistics, "there are about 10,893,275 telephones in China, one for every 100 people" (Schoenberger 1996:116).

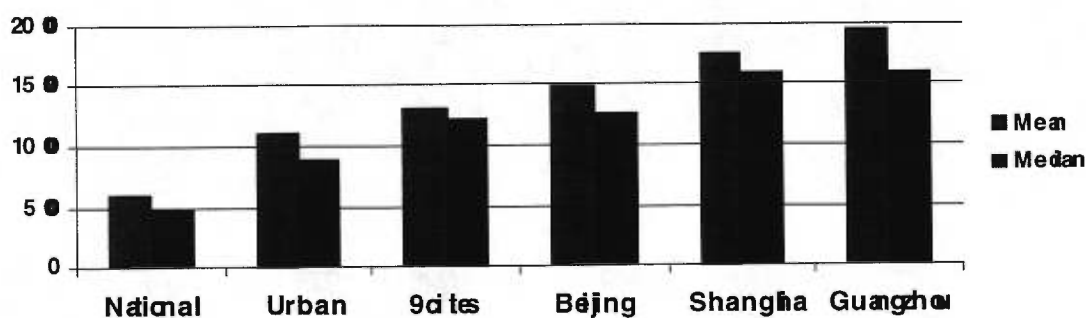
At the beginning of the 1990s, the Liantong Company was born. This is a company attached to the Ministry of Electronics and Ministry of Railway of People's Republic of China. It is also the first domestic privatized network competing with foreign joint ventures sharing the market. It forced major competitors such as Mai to lower their prices in service and products. By the middle of the 1990s, there were 70 centers which provide paging services in Beijing. Nineteen ninety-one is an important year for Chinese telecommunication, as it marks the opening of the pager market competition and private companies. By 1994, pager prices were falling as a result of competition. Privatization has now been formally introduced into telecommunication market in China. Although the Chinese market is dominated by the GSM system, more competitors exist for CDMA, a more advanced digital network. At the end of the 1997, Great Wall, another domestic competitor, came onto the stage, acquiring new technology.

3.2. Opportunities and constraints in telecommunication market in China

3.2.1. Opportunities

Even a cursory review of the Chinese telecommunication market reveals great opportunity. According to certain reports, average wages in China grew by 104% between 1990 and 1994, and rural salaries increased by 62 %. This result means more Chinese people could afford more electronics goods (Hamlin 1996). After the reform in 1978, China's emerging middle class began growing in size and affluence.

Chart 1. China's emerging middle class, total annual household pre-tax income (in US dollars)



(Hamlin 1996:15)

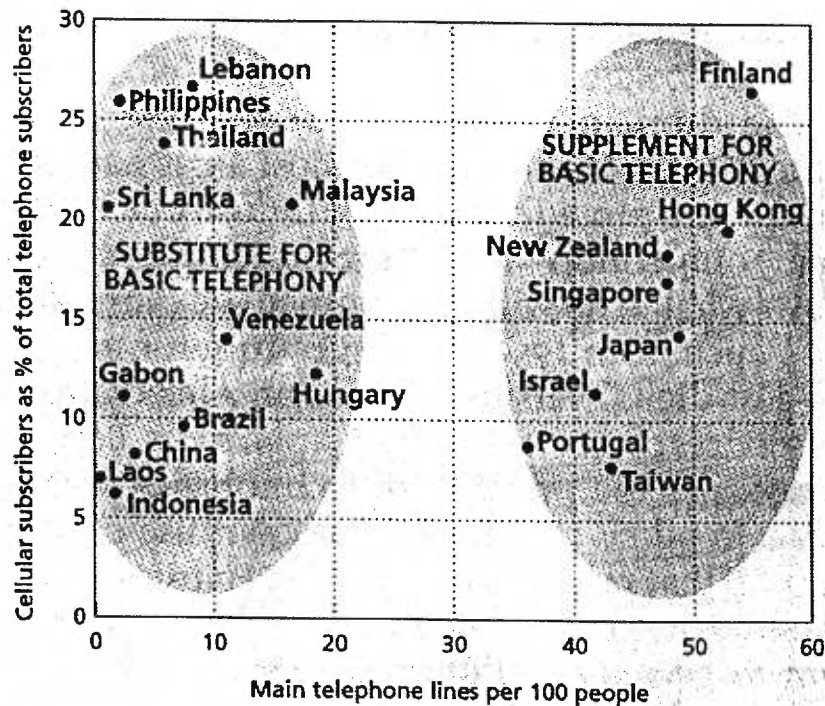
Instead of spending on local brands, the nouveau riche spurn locally assembled products--even with foreign names--and are in favor of imports with more cachet (Hamlin 1996). They hunger for consumer goods from developed

nations. This new phenomenon provides great opportunities for cellular phone companies when entering this vast market. As Chart 1 shows, China's emerging middle class centered on Beijing, Shanghai, Guangzhou, big cities and coastal areas. Among all the products, owning a cellular phone is considered to be a fashion, a trademark of wealth and prestige. On the other hand, China's low wage labor provides economical overseas manufacturing and assembly—a labor market eagerly sought by foreign enterprises.

According to Cairncross (1997), the Personal Handy Phone System (PHS) holds most promise in the cities of the less-developed world, where it will offer businesses a way to jump the queue for a phone line and, in so doing, acquire mobility and accessibility at pay-phone prices (Cairncross 1997). This is due to Chinese telecommunication infrastructure's lack of development, which left room for foreign telecom giants to step in. The public phone system is not adequate, and phone sets are anything but handy. In developed economic regions, businessmen always carry a cellular telephone—but in remote regions, people do not have a telephone even at home. Urban public phone services are located in the major downtown area, convenient only for those working in such areas. What is more, service hours are limited because each phone house has to have a person in charge. Phone kiosks which provide automatic telephones paid for using telephone debit cards, are very few. Car phones depend on the popularity of cars, and are therefore not likely to be part of Nica's or Mai's strategic plan for a few years. These conditions are becoming opportunities enabling the development of cellular phones in China.

Cellular phones use either the GSM or CDMA standards. It is the GSM system that made Mai so successful in China. GSM, stands for *Global System for Mobile Communication*. Besides CDMA, it is one of the most advanced wireless technologies in the world, a fully digital wireless telecommunications system that allows for the integration of services and networks, and the only one to have been standardized, from end to end. Thanks to GSM, the network is able to transmit voice and data without requiring a separate modem, even enabling the transmission of full-motion video, and facilitating worldwide mobility. These capabilities make it a true access ramp to the information highway. Cellular telephony uses GSM as its connection network for PCSs (Personal Computer Systems). GSM has made huge inroads across the globe, with millions of users in over 90 countries. In China, it has developed about five million users (Teletalk 95:17). As shown in Chart 2, with the growth, the subscribers are able to access their own phone services in each of these countries and regions.

Chart 2. Role for cellular phones worldwide, 1995



(Cairncross 1997:119)

3.2.2. Constraints

Meanwhile, many factors also exist which hinder the development of the expanding telecommunication market for the foreign companies in terms of culture, government regulations, and other non-human factors. The governmental bureaucracy can slow business plans, which are typically built upon complex relationships involving a large number of third parties. The country's telecommunications infrastructure is antiquated. Many other market uncertainties exist, and foreign companies must often rely more on their courage than on market research data which purports to probe this virgin market. According to a survey of *the Conference Board of Canada* (Todd & Michael 1994), the major impediment to doing business with the Chinese is a

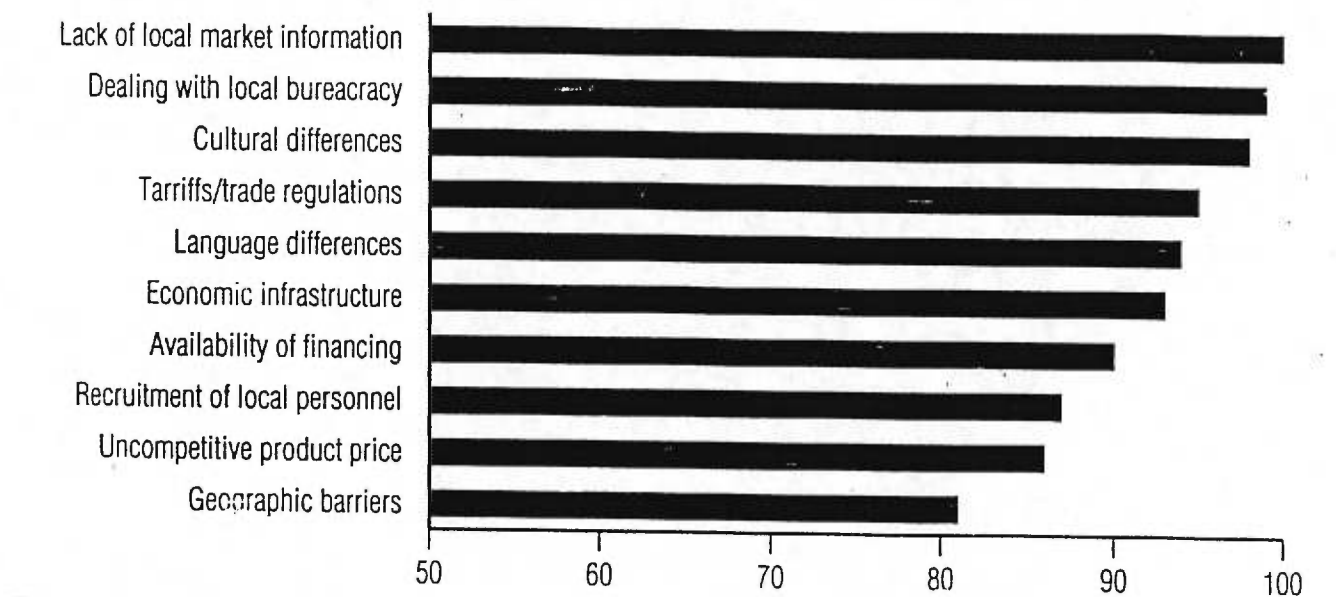
lack of market information on expanding into Asia Pacific region (*Chart 3*).

Furthermore,

Many business people are frustrated by high costs, price gouging, tight foreign exchange controls, limited access to the Chinese foreign market but foot-dragging, lack of qualified local personnel, and unpredictability (Hamlin 1996:15).

Other factors include dealing with local bureaucracy, cultural differences, tariffs and trade regulations, language differences, economic infrastructure, availability of financing, recruitment of local personnel, uncompetitive product prices, and geographic barriers.

Chart 3. Major impediments in doing business with China



1 Lack of local market information was identified as the most significant impediment and then normalized to 100 for ranking purposes.
Source: The Conference Board of Canada.

(Todd & Michael 1994:38)

3.3. The company profiles

3.3.1. Mai's company profile

As a leading supplier of advanced telecommunication and electronics equipment in China, Mai has about 7000 employees in China today (A Company Source). Early in 1986 Mai opened a representative office in Beijing, and has undergone rapid growth since then. In March 1995, Mai announced its first joint venture arrangement in China with Leshan Radio Factory for the manufacture of discrete semi-conductors. After that, Mai also established joint-venture with Nanjing Panda Electronics Group Corporation, and another in Tianjin (Schoenberger 1996).

Mai began operation of its Asian Manufacturing Research Center (AMRC) in Beijing in December 1995 as the company's first manufacturing research lab outside the United States. Besides various offices spread across China, Mai's investment in China includes headquarters in Beijing, with branches, sales and services scattered across Shanghai, Guangzhou, and other twenty cities throughout China (Teletalk 96). After having established its \$5.6 billion transmission factory in Tianjin, the telecom giant is at a point where it can forecast an investment of \$1.2 billion in China by the year 2000 (Teletalk 1996). The important factor attracting Mai is that, for the next century, China is forecast to become the biggest consumer market in the world, competing with the US, Japan and Europe in terms of telecom products, and computers (Schoenberger 1996).

Mai has always played an active participatory role in China's transition to a market economy. This leading supplier's products being sold in the Chinese market are cellular phones, pagers, radio communication systems and semiconductor components. The company is expecting an expansion of about 10,000 Chinese employees by the year 2000 (A Company Source). Today, most of the 7,000 Chinese employees have moved into their new facility in Tianjin, a port city 112 km away from Beijing (A Company Source). There they produce pager, and equip their mobile phone coverings. Mai has also extended its six joint ventures in China, of which the most impressive, in Nanjing, is a partnership with Panda Electronics to produce personal computers.

3.3.2. Nica's company profile

In Nica's Annual Report of 1996, it described its global strategy this way:

Nica designs, builds, and integrates total network networks for customers in the information, communication, entertainment, education and commerce markets. We work with our customers in more than 150 countries and territories around the globe, creating a world of wireless, enterprise, public carrier and broadband networks (Annual Report of Nica '96).

For many years, Nica has always been industry innovators and pioneers.

Nica, founded in 1880, has lost its access to Western Electric patent in 1956. In the same year, it opened an Research and Development (R & D) Center. Its first offshore joint venture was set up in Turkey in 1968. In 1971, it opened its first foreign subsidiary in the United States. After that, several changes occurred within Nica. It was spun off as an independent company in 1984, and was subsequently reorganized on a global basis; Nica China was established in 1994. Nica's name was changed in 1995 (Excellency 95).

From interviewing B. Promaine, the managing director of Guangdong Nica (GDNT), Nica's Chinese switching systems joint venture, the development of Nica could be seen through a three-year period of time. As a joint-venture being considered among a range of solutions to China market, the history of its seven joint ventures is something of a success story for Nica in China (Nica World 98).

Early in 1988, Tong Guang Nica was established as the first joint-venture in China. Located at a special economic zone in Shenzhen. This TGNT serves as a leader in China's PBX market. It has supplied more than 1.5 million PBX lines in China now. The second joint venture was set up in 1993 in Beijing and Xi'an, running operations in the region controlled by NPT—Nica Post and Telecommunications. NPT provides installation and support services for Nica DMS switching equipment. BUPT-Nica, Shanghai Nica, and advanced semiconductor manufacturing corporation are joint ventures born in 1994. The major focus of BUPT and of the Nica R & D center is wireless systems. The center is to provide CDMA (*Code Division Multiple Access*) and GSM (*Global System for Mobile Communication*), up to the standard of Ministry of Posts and Telecommunications (MPT). It is also a key role in China national wireless system for the Ministry. Shanghai Nica specializes in designing integrated circuits used in telecommunications related products; SNSC has high quality and strong support in the face of fierce competition. The advanced semiconductor manufacturing corporation of Shanghai supplies wafers to a variety of international customers with ISO9001 requirement. Set up in 1995,

Shenyang Nica is a production and marketing center for high capacity synchronous transmission systems. It provides commissioning service throughout the Asia-Pacific region. The newest joint-venture is Guangdong Nica, one hour north of Hong Kong. With nearly 800 employees, it takes on the air of a large company with abundant high-tech activities; indeed, it has offices in Beijing, Shanghai, Guangzhou and other major cities, and a Research and Development center in Zhongshan University (Nica World 1998).

According to Shirley Fishman (1996), almost 30% of Nica's expatriate employees hail from the United Kingdom and Western Europe. Approximately 10% are from countries in the Asia Pacific Region: in fact, Nica's expatriate population has doubled since 1993, with many expatriate workers facing adjustment problems. The reverse is true as well: statistics show that with the incremental increase in immigration, there must logically be an increasing number of expatriate workers among Nica employees. Yonghai Gu is an example of this: he is one of 600 Chinese immigrants in Ottawa who, sponsored by the Canadian International Development Agency, came to continue his Ph.D. studies in modern technology and later became a manager leading a team of cell phone researchers (Montreal Gazette, B2, Nov 8, 1997). These examples show that being an MBA and using Western marketing techniques does not guarantee success in China. According to Ken Sawka, a consultant with the Future Group, management consultants in Glastonbury, Conn., "If you mount a typical Western-style advertising campaign, it is likely to work very well in Hong Kong, work pretty well in Guangzhou and Okay in Shanghai, but it will bomb in

Beijing, Chengdu or other more remote locations”(Schoenberger 1996:118). Marketing communication strategies should therefore be studied at the individual and organizational levels. By and large, these studies are basic to the study of the globalization process in the sociological domain.

For Nica, choosing a joint venture as an corporate alliance strategy has proven to be sound reasoning. First, in the telecommunication industry, the cost of technology development and commercialization is high. Nica recognized that products costing millions of dollars to develop sometimes have short life-spans. Besides, growing technological convergence is taking place, as evidenced by the ways in which products are bridging previously unrelated technologies and skills. The last reason lies in the shift of market structures in Europe, Asia, North America, Latin America and China. Before the end of the century, Nica expects non-American revenues to exceed 50% of total global revenue. Its global business has grown significantly. Choosing this corporate strategy also has obvious advantages: being allied with local companies could facilitate access to local capital; it is easier to establish distribution networks; and it shows the green light of government approval. By localizing its management team, the joint venture would certainly enhance marketing capabilities. For these reasons, Nica established Guangdong PTA in Spring 1994, parted with Shiva in remote access since May 1995, and continuously added more to its list. These strategies demonstrated its strength and benefited Nica in its revenue growth in China later on.

Chapter 4

Analysis of research results

My field-work aimed at gathering useful argumentation and narration from the agents to test a hypothesis based on the adapted model of the theory of structuration (*Figure 1*). Giddens' theory of structuration, unlike ethnography, or interaction order, cannot directly be used as a field-work guide, but does provide researchers with three basic angles on which to focus: the ethnographic moment; the complexity of skills in the process of reproduction; and the time-space approach. Giddens' theory and three examples of former empirical research guided me in designing proper field research method.

In this chapter, I will present findings from documentation, observation, and interview, and analyze the results with the hypothesis and some related concepts. I shall then further discuss the interview findings according to the order of the questions in three parts: marketing, management and negotiation strategies. In the following chapter, I shall synthesize the fieldwork result with the theoretical framework.

In this section, I shall analyze the interview results according to the order of questions, from corporate strategy to marketing, to management, to negotiation levels. In what follows, I shall analyze my survey question by question so as to interpret data. At the end of each part, I shall discuss the cultural contract hypothesis using the collected data. The results of the field-work will be integrated with the theoretical approach and analyzed in Chapter 5.

4.1. Analysis of specific corporate strategies

At the beginning of the questionnaire, I designed four questions to gather interviewees' general background information, asking about their management experience, their cultural attachment to China, their expertise, and their general perception with regard to East/West cultural differences. The results of question No. 1 to No. 3 may, for the most part, be found in *Figure 7*. Question No. 4 in this first section, meanwhile, dealt with general perception of cultural difference: I asked the interviewees to list three differences that came to mind. The answers included face issues, different cultural background, different position, language barrier, different perception of regulations, and different symbols in communication, such as eye contact and body language.

4.1.1. Marketing strategies

Questions from No.5 –No.9 in Part One, on marketing strategies, were designed to study objectives and strategies at an organizational level. I wanted to find out how much basic knowledge the companies have on the Chinese market and the corporate strategies related to that, drawing a comparison of their ideas before and after they entered the market, and determining whether there was a change in strategy arising from an unexpected situation or not. By marketing strategy I am referring to market-oriented strategic planning, defined as

The process of developing and maintaining a viable fit between the organization's objectives and resources and its changing market opportunities. The aim of strategic planning is to shape and reshape the company's business and products so that they combine to produce satisfactory profits and growth (Course Notes, 643-542Y-61, Marketing Principles & Applications, McGill University 1994).

To enter a market, a company had to know the opportunities and risks of its market and the specific situation there. Question No. 5 is posed to determine what are the motivations for companies to do business in China. Eight of twelve participants agree that the reason motivating their company to do business in China is A, *a new market for product and services*. Other choices included B, a Joint-venture approach; D, opportunity to establish foothold in China trade; and C, low wages existing in China. One interviewee said that his company motivation in marketing to China is to make profits in this vast new market. This indicated that China is a tempting market, with a variety of opportunities for foreign enterprises to explore, suggesting that China can be “dealt with” on a pragmatic grounds.

Question No. 6 concerns risks perceived in doing business in China. Seven of twelve interviewees agreed that this was *somewhat risky*; one chose *very risky*; and two chose *slightly risky*. None, however, chose *not risky at all*, reflecting that the business environment in China is not ideal and relies on business person’s *guts*. Most stated that the risk is closely tied to human factors, bureaucracy, and China's unstable policies. Although China seems to be a land with risk and opportunities both lying ahead, both companies in the telecommunication industry still foresee a good business development opportunity there, despite all the obstacles. My hypothesis, the cultural contract approach, possesses features of uncertainty as well as instability.

Mr. Guo said, "I perceived doing business in China is very risky. There are no laws or regulations that people can rely on. People rule over law." This reflected that business strategy in China really depends on what the relevant authorities say and do, rather than relying on standardized rules. This, again, proved that the cultural contract is present each time Western agents interact with the Chinese. Mr. Yie from Nica discussed this issue from another angle,

Yes, it is risky, but it also gives you many chances that may not be available in other countries, i.e. to go the way around. For certain things, it is easier to accomplish once you know and found the right person, then, the power of law and strict rules are not so powerful to constrain you, but it takes time (No. 10, Figure 7, Canadian, Nica).

This corresponds with *Figure 4*, the *guanxi* and *face* model. The pragmatic approach is generated from China's chaotic reality. All business people want to make money, and have learned that authorities in China have more power than money. As people say, "Elsewhere, money is God, but in China, it is power that rules over everything." The authoritative rules do have absolute priority in access to resources, forming a special structural constraint. Guanxi, connection, is the solution to that. It is a temporary solution but an effective one. With *guanxi*, the right authority in your corner can be decisive in having your contract approved, or provide you a restricted resources, enabling achievement of company goals. The structural constraints, here the priority of authorities with regard to access to resources, shaped and reshaped strategies and mediated human agents' actions in the deals. It demonstrated that real strategies are ad-hoc, produced and reproduced only in chaotic reality. Unexpected consequences may occur at any time and reshape strategy as a result.

Mr. Yong from Mai perceived the risk came from fierce competition within the industry itself. He said,

Recently, I visited a telecommunication exhibition in Beijing, I found many existed and potential competitors are there. They all paid more attention to the market in China, especially Japanese companies. They concentrate on CDMA field, if they can convince the government and customers with their advanced technology, best services and fairly low price, they will occupy the market and enlarge the market share sooner or later. In fact we already lost some market share by Norkia and Ericsson. Therefore, I think it is very competitive and risky to do business in China.(No.6, Figure 7, Canadian, Mai)

For question No. 7, I listed some common frustrations in doing business with China. In the interview, however, I encouraged respondents to provide their own views from their experience, and to elaborate their answer as much as possible. Ten out of the twelve interviewees said that *local bureaucracy* is the major obstruction, and that *connections are very important in China*, while others felt that *tight control policies by the government*. A certain number of interviewees agreed that *language barrier* and *unpredictable cultural factor, such as unexpected delay in decision making*, play important roles in the strategic formulation process. Some interviewees said that China still has a relatively closed communication system and needs to open up more to the Western world. One participant even chose all the answers to this question, indicating that many problems hinder marketing and other business development in China.

In terms of *unavailability of financing*, one interviewee perceived that some provinces in China have such a problem. According to him, generally speaking, some provinces in China had to borrow money from the World Bank

in order to buy certain indispensable but expensive products. Mr. Gong in the Sales Department of Mai perceived *fraud, uncertainty in market*.

I have noticed cases that local people cheat the telecommunication authorities. After they made many calls with their cellular phone service charge amount up to 10,000 RMB yuan, which is about \$1,666 CDN, they disappeared (No.5, Figure 7, Canadian, Mai)

Question No. 8, an open-ended question is to learn the short-term and long-term objectives of the companies. It seems that all the interviewees had reached an agreement that the long-term goal of their company is to *continuously look for new opportunities to expand business in China*, whereas the short-term goal, most agreed, is *to obtain more market share by sacrificing some profit*. This point of view reflects the cultural contract's existence. It is a typical experienced view formulated in dealing with the Chinese. Its life span is short. This view has a dynamic and pragmatic nature, and is open to a change. It is interesting to find that even though China is a market with high rate of risk, neither of the two telecommunication companies planned to withdraw from the Chinese market. Mr. Lu from Nica claimed that Nica needs to localize management team and use new management skills.

My emphasis on testing marketing strategies lies in Question No. 9. I was interested in finding out whether any change in marketing strategies occurred due to the arrival of unexpected situations in China. Interviewees in Mai told me that their policy has been changed, while for Nica, similar changes were found but to a different degree. One Mai interviewee described the case, in detail, of the decision to shift marketing strategies from CDMA, a more popular network of

North America, to GSM, a more traditional recognition from Europe, because of special government preference. I shall further discuss this story in the following chapter.

Mr. Chung has a similar story for Nica.

Yes, the marketing strategies always need revision to see if there is something out of control. Even when no serious problem occurs, marketing strategies still need to be checked to see if it is suitable for the market situation. In my company, there are a lot of changes of this type. The changes are in pricing, company image, technical support, warranty, and training. When Nica entered the Chinese packet switch market, it set up an image of high quality with high prices. When Nica entered the GSM mobile phone market, it set up an image as a small company's new entry. The change of the company image was based on the changes between two different markets. Nica realized it has to do business in China in a Chinese way. And there is less connection between the North American and Chinese markets. This is the change from a Western marketing style into a Chinese style. In China, we have a term, *ru xiang sui su*: it means that a foreigner needs to learn the folk customs, be localized, and follow local rules to do things once they have entered our village. This works everywhere (No.9, Figure 7, Chinese, Nica).

Here, obviously, *something out of control* is an unexpected consequence, supporting a cultural contract approach. By reviewing the past success and failure, the managers learned that they need a flexible strategy, i.e. a cultural contract, to cater to specific needs and guarantee that everything is under control.

4.1.2. Management strategies

Management strategies are mostly at an individual level, related to the managers' experience in internal corporate communication. I concentrated on the interaction within these multinational corporations, especially on interaction between managers and subordinates, who were individuals of different cultural background. Managers are at corporate communication's core both internally or

externally. This role is manifold: they are not only nerve centers and entrepreneurs, but also disturbance handlers, resource allocators and negotiators (Mintzberg 1973). In an organization which brings together people of different cultural backgrounds, managerial communication strategies are very important. Part Two, management strategies, focuses more on specific strategies at the individual level, as manager and as negotiator. From the interviewees' management experience, I intend to synthesize a special mode of communication, not from their attitudes, but from what they chose to do with regard to their interactions as a manager with a subordinate. I also intend to explore the influence of cultural factors in making these decisions. The mode of communication lies in their perception of hierarchical powers, their motivation in career advancement, their openness in managerial styles, and their resolution of cross-cultural conflicts.

Structure, according to Giddens (1984), is composed of rules and resources. Organizational structure is also composed of rules and resources. Strategic studies is closely attached to structure, which is produced and reproduced in action. For questions concerning conflict resolution, it is interesting to see if the interviewee's actions are influenced by their cultural identities, such as collectivism and individualism. In accordance with *Part One* in the questionnaire, the last question is also on strategic change due to unexpected situations. Although the level of management work varies greatly from low-level engineers to high-level managers, the diversity of reactions that

can be triggered by a single experience—negotiating a contract, attending a teleconference and so forth—is immense.

Question No. 10 is designed to learn the appropriate hierarchical and power structure in the companies. Hierarchical structure is useful in guaranteeing the order of an organization. In the East, this structure cannot be separated from Confucius, and has developed over a long period of time, whereas in the West, structure is thought to be a more equal, open and democratic model. Most interviewees believed that everybody is equal no matter what level they are in management, and they perceived an equal, open-minded environment in their company. This revealed that Confucius really has little influence on Chinese employees today; instead, most interviewees agreed that in China, what counts nowadays in East-West corporate communication is connections. It is vital in signing business contract, and decisive in reaching project goals. Connections, *guanxi*, as illustrated in *Figure 4*, again, mediate structure in strategic formulation. In the process of interaction between human agents, special cultural contracts are born. As for some sensitive topics, such as bureaucracy, Mr. Yong from Mai explained it this way:

I think the hierarchical structure is important, it guarantees control of the order. For Chinese, our culture decided the style to be more hierarchical. I could understand sometimes, positions, struggles are connected to power (No.6, Figure 7, Canadian, Mai).

Question No. 11 deals with management styles to treat individuals, either to motivate them or to exert strict control over them. One interviewee wrote to me that truth is always respected. When there is a conflict proper argument should not be punished. They do not have to yield to those with power if they think they

are right. This reflected a tendency of having a more democratic corporate communication style rather than a strict hierarchical control in modern multinational organizations.

Career advancement is a very important issue in organizational life, in that it is attached to motivation and reward; it encompasses recruitment, training and professional education programs. The answers of Questions No.12 and 13 in this field-work indicated that most interviewees perceived the existence of career advancement in their company. Some believe they do have a bright future if they perform well and work hard. One participant working for Nica in Canada who was also educated in Canada said that people like him have better opportunities than people from China. "Culture is really a factor here." We may therefore assume that someone who knows both cultures well has advantages in foreseeing the structure of a cultural contract. Those interviewees working in the joint venture of the company in China also felt the same way, explaining that those with Western education or hailing from a foreign country would garner more attention than local Chinese employees. There is no doubt that many multinational enterprises in the foreign manufacturing plants are inclined to localize their management teams. That, however, is approach A, the international culture view, and their stated strategies do not work all the time anywhere. According to approach C, the cultural contract view, using people from a Western education may also place hurdles along the way. Structural constraints exist when such persons are unfamiliar with the local corporate communication structure, and unexpected consequences may happen. This

explains why unexpected situations sometimes occur during negotiations: even though the assigned expatriates from overseas had good cultural training, special cultural contracts were always present.

Question No 14 is designed to test the motivation and rewards of employees to their company. Even if motivated to work because of a feeling that the company is like a family, it is also opportunities for benefits that made them willing to devote more time and energy. Quite a number of interviewees said that they are devoted and loyal to the company, as though it were a family. One stated that teamwork is No.1 in company, and that group disharmony should always be avoided. Six out of twelve interviewees mentioned that equal competition is fair, they welcome challenges from colleagues of all levels, and they like different opinions and suggestions. In terms of career advancement, they say that to advance themselves in their career makes them satisfied. The path to success and to career advancement, however, depends on good performance and hard work, rather than other factors like internal connections.

Most of the interviewees admitted that individuals should be valued more; everybody is equal no matter what level they are in management. A senior manager working accepted my interview in China and gave me a good example with Mai, which is the so-called IDE --Individual Dignity Employment system.

As for Mai, it is famous for its IDE (Individual Dignity Employment), and personal commitment is required in developing the employees' own career plan. The company pays a lot of attention to what the employees want to be. They value individual dignity, to develop each person's different future. The managers and supervisors should keep communication lines open with each employees and discuss their career goals. Engineers are encouraged to learn new things. If they are not satisfied with the current state of the company, what is their ideal way of doing things? Communication channels

are always open. The company is trying to reconcile individual needs with company goals. Promotion is also according to individual ability and achievements, not just by age or experience (No.2, Figure 7, Chinese, Mai).

Question No.16 is designed to collect information concerning management styles. Nine out of twelve people chose the first answer: down to earth, using practical thinking, compromising when necessary, which is a combination of a Eastern and Western styles. This choice, down to earth and using practical thinking, is in accordance with a cultural contract view, reflected its pragmatic nature. Mr. Liu chose both A and B as good answers in terms of teamwork: "Down-to-earth is more Chinese style, because Chinese are very practical people. But in solving technical problems, I think initiatives are crucial." He said. Two interviewees, one from Nica and one from Mai, chose a more conservative answer: *not to take risks, plan ahead and implement the plans step by step*. One interviewee chose B, a more Western way: *think differently from your boss, make decisions with initiatives*.

The last question, Question No.17, the last one in this section, focuses on unexpected changes. Most interviewees noticed such changes. The major change is that Western managers become more cautious in using "no" and in criticizing employees directly. After having stayed in China for a long time, they learned to adapt to Chinese culture and know that giving *face* is as important as respecting the persons.

4.1.3. Negotiation strategies

Chinese negotiation styles are greatly influenced by Chinese values. I assume that this is the case for other cultures in the cross-cultural aspect in negotiation. The open-ended questions could provide a three-dimensional picture of the negotiation. In order to help the interviewees recall the negotiation process and identify problems aroused by misunderstanding between two different cultures, questions are asked to test cross-cultural behavioral conflicts. The sequence here moves through negotiation antecedents, process and aftermath tracing. Negotiation refers to either conflict negotiation, or negotiation between two teams for signing a business contract.

Questions no. 18 and 19 are on negotiations facing conflicts. Whenever there is conflict, there is negotiation. Conflicts are everywhere, especially in a company with people of different cultural background: they are unavoidable. One interviewee said that he prefers win-win strategy and welcomes challenge. Others noticed that the Chinese are likely to use lose-win strategies in negotiations. "It is better to hear different ideas than silence," said Mr. Yie of Nica. When it comes to negotiated resolution of workplace conflicts, interviewees have experience of different degrees. Some use a more Eastern style--weigh words carefully before giving criticisms, indicate who's to blame--while others choose a Western style: clarify responsibilities and facts, and suggest solutions. Some interviewees demonstrated interesting examples to demonstrate successful conflict resolution between the groups. There is no sharp conflict between these answers; all interviewees chose B for Question

No. 18, "when there is conflict, it is always better to clarify responsibilities to find solutions", except for one N/A saying that neither is a good path to conflict resolution. For Question No.19, only two people chose A--*obliging, hope to keep peace and harmony*, a more traditional Chinese approach. This reflected that most Chinese interviewees working in Western companies have developed a very Western style of communication, especially in conflict resolution. This is also tied to the cultural contract view. Conflicts are like constraints on daily activities, mediating human agents actions, structure and strategies. Real strategies are based on a cultural contract view.

Question No. 19 is on conflict between interviewees and senior personnel or higher-level managers. It is interesting to note that the Chinese concept of *face* still plays an important role in the joint-venture organizational context. To my surprise, one participant, who came to Canada since he was twelve, was still very *Chinese* facing conflicts. He believes that one should maintain face when dealing with conflicts, respect seniors and managers and choose to oblige to them. Most people who had stayed in North America for more than five years, however, chose the second response: *to make clear what the fact is, with no ambiguities, what right is right, what wrong is wrong*. This reflects that like the Chinese, people educated in the West also have a pragmatic manner in doing things. Therefore, the cultural contract view is universal. It can be applied to many situations when one culture encounters another.

Question No. 20 is on cross-cultural negotiation strategies when signing a contract. Answers A—*be polite and humble, try best to avoid confrontation*—and D, *make incremental, small concessions in order to demand the maximum possible*, reflect more of an Eastern logic, whereas B, *use logical and systematic argument to convince*, and C, *seek win-win synergistic strategy and refuse compromise solutions*, are more typically Western reactions. The answers varied greatly. It is interesting to find that all chose A no matter how long they'd stayed in North America. Chinese are always Chinese. Answer D was also popular; a number of respondents also chose B and C as their answers.

The last question, Question No.21, deals with changes due to unexpected situations in negotiation. Cases from the interviewees on certain cultural differences proved that the cultural contract view is reasonable. One negotiation case from Mr. Lu will be analyzed further in the next chapter. From the interviews here I found the invisible hand, the special cultural contract integrated in the interaction of human agents in doing business with China.

Part of the priority for multinationals which wish to do good overseas business is to discover a unique structure in communication integrated with culture. This indicates that they need to understand the specific norms, values and habits in their joint-ventures. Specifically, for Mai and Nica and for other telecommunication companies doing business in China, establishing a joint-venture as a corporate strategy itself is a proof of the existence of cultural contracts. Strategy follows structure, action interacts with structure, and

therefore, strategy follows and interacts with action. Strategies are thus produced and reproduced in human agents' actions. We may interpret the specific cultural contract formed through actual strategies in East-West business activities: it is dynamic and oriented to change in a recursive manner. Since strategy is emergent, located in real situations, this cultural contract is ad-hoc and pragmatic. It has a dual nature as well: it interacts with action, shaping and shaped by it. Structural constraints are the mediating tool for the new contract. Its structure is the result and, at the same time, outcome for this new cultural contract, mediating the changes.

Chapter 5
Synthesis of fieldwork results
and the adapted model

Strategic communication within an organization is a process of observing, assessing, designing, implementing and assuming based on views of what the company should do to survive and succeed. Cultural contract is formulated in the instantaneous adaptation process of organizational communication. This dynamic approach is based on the two original cultural views illustrated in Chapter 1. The new cultural contract should be woven through the interaction of the human agents, with new orientation of values.

5.1. Adaptation in corporate strategies

A duality of structure determines the coactive relationship between action and structure. Structure is produced and reproduced in human agents' action. On the other hand, this meant that the cultural contract in strategy which is born after structure and interacts with action is not a fixed or robust product. Strategy which follows structure is, as Horton (1995) describes, a plan of communicated action. It is tightly bound up with communication. The structure of the cultural contract is not steady, and always opens to modification. Giddens' "coactional view of organizational structure emphasizes recurrent patterns of interaction among participants" (Dow 1988:60).

Just like the features of a real strategy, it is in an ad-hoc form, consisting of ad-hoc messages to accommodate changing business conditions. Change in domination and legitimization may be occasionally found. My approach in this thesis is based on the theory of structuration to study corporate strategies. From interview and observation, I am able to answer questions on how the

multinational company's strategies are shaped and reshaped by human agents' actions in the cross cultural environment. From interviewees' stories, I found that most perceived a difference between stated and real strategy in marketing and management as well as in negotiation activities. From these changes, I can assume that cultural contract was formulated through the encounter of agents of Occidental and Oriental backgrounds.

A number of interesting differences in strategies arose in the interviews, regarding the periods both before and after the companies had implemented their strategies. This adaptation process through strategies is what I shall analyze further, based on the narration of stories from the interviewees.

5.2. Marketing strategies

5.2.1. Guanxi network—a change from CDMA to GSM

According to six Nica interviewees, the company's global strategy underwent a distinctive turnaround because of unexpected environment in China. In its 1996 Annual Report, Nica's "digital wireless network are selected and placed in service by operations around the world." Today, its GSM network is present in four countries, including in China's Mandarin Communications, whereas its CDMA network has also expanded into four countries across the continent. In the Chinese market, a preference of using GSM network instead of CDMA ones occurred in Chinese market.

The initial marketing strategy for Mai was to establish a CDMA network in Greater China. According to Mr. Liu in Mai, "There was a change of company strategy in Mai due to government policies." Originally, because CDMA phones have more advanced technology and a good sales record in North America, Mai was confident in promoting it in the Chinese market. However, the real situation is that the telecommunication business is controlled by the Ministry of Posts and Telecommunications (MPT). At the end of 1994, the Ministry indicated that it prefers the GSM system in China. Mai ignored this direction, and tasted failure. It understood that in China, good products do not guarantee good marketing: communication strategy is crucially important. It therefore changed its strategy, switching its attention to the GSM products. In this way, it successfully increased market share to 12% (Teletalk 95). Ever since, they have won favor from the government, indicating access to an invisible *guanxi* network, making it is easier for them to exercise projects in China.

In a society where local connections and acceptance become increasingly important, the *guanxi* network is an important case in point. Power is determined by potential impact of one's actions on subsequent events. *Guanxi* may be seen as a special pattern of power. Because one of the main features of the Chinese are their family-orientation, Chinese values relationship-building in a business relationship which is analogue to the functioning of a family. Sophisticated skills subsequently converted interpersonal communication into a highly complex art. The Chinese family tree should be considered as the common basis, but it is different from the

« frame » referring to an institution and a locality. Hence, Chinese social groups are formed under the guidance of attributes, another basic of social structure. In the Chinese society throughout history many socio-cultural mechanisms had limited the role of *guanxi*. The relationship between *guanxi* (connection) and *mianzi* (face) became interwoven and formed a network. It is impossible, however, to grasp the importance of this network until a practical barrier arises from its neglect, even leading to failure of business, and certainly fatal to organizational policy. This barrier is attached to structural constraints. *Guanxi*, the right connections, becomes a key solution.

This is what Mai had experienced. In order to accomplish better business growth in China, government officials' restriction on the development of the CDMA system became a structural constraint. In order to survive in China, Mai had to switch from CDMA system to GSM ones. This is also because of a special situation in China: as mentioned earlier, the authorities have priority in access to resources, and so the question of whether to develop a CDMA or GSM system rests on Chinese MPT authorities. This special structure of rules and resources, power and control relates to domination and legitimization. Because strategy follows structure, Mai's decision-makers had to consider China's special structure in their specific deals.

Bureaucracy and rules and resources

Since 1978, with the open-door policy, authorities in China have been given a significant amount of autonomy. Meanwhile, productivity has become a

criterion of efficiency, with a emphasis of political philosophy or family background, factors which were previously of primary importance. Whether due to inference, incompetence, arbitrary and unreasonable decisions, and /or the desire for self-aggrandizement, these changes have brought unsatisfactory levels of performance of the authorities. Some of these aspects are demonstrated in an illustration of bureaucracy (*Figure 9*).

According to Giddens, all constraints are also opportunities, “media for the enablement of action” (Giddens 1984:169). The unusual reach of Chinese authorities generates control over objects and command over persons: in Giddens’ terms, rules. Wireless telecommunication capacities, technologies and material goods belong to the category of resources, meanwhile; authoritative resources are based on dominion over social forces (Giddens 1984). In our case, “people rule over law” reflected an imbalance of domination and legitimation structure, concerning rules and resources.

The rules and resources are what mediate human action and, at the same time, reaffirming the human actor’s experience through use. This distinctive transformational feature turned disadvantages to advantages for company strategists. The imbalance of rules and resources on the legitimation and domination levels unwittingly triggered changes in the human agents’ actions and, thus, indirectly reshaped their strategies. In order increase market share, they were able to abandon the advanced CDMA system for the GSM standard at the authorities’ bidding. The desire to entering the Chinese market induced Mai’s owners to give up an ideal 100% wholly-owned structure in order

to cater to Chinese regulations. These examples vividly demonstrate Giddens' view, and helped me develop my hypothesis. Structural constraints, manifest in the form of unintended consequences, changed both action and structure itself. However, as human agents aim at achieving their own organizational goals, they learn how to flip constraints into enabling agents on the ground-- here, turning government policies to opportunities. The dynamic lies in the change. From this change, they also won favor from a powerful *guanxi* network, the MPT authorities. To this we may indirectly attribute their successfully garnering a 12% share in the telecommunication market in China (Teletalk 95). In the process of doing business with the Chinese, cultural contracts are formed and became more and more widespread. They are manifested in corporate strategies as well.

5.2.2. Strategic alliance--joint-venture

The Chinese term "ru xiang sui su" suggests that an alien should adapt the local ways of doing things rather than the way around. For Mai the joint-venture is, as a specific new form for doing business in China, such an adaptation. It refers to a "marriage": the foreign family brings technology, hard currency and management expertise, while the Chinese family offers local labor and opens its vast market for a mutual profit. This strategic formulation in joint-venture, as described from Mai's Internet White Paper page, has three benefits: friendly exchange, investment/technology transfer, and management and sourcing localization.

For Mai, putting roots down in China is “the right opportunity in the right place with the right people”. As I mentioned, this “friendly exchange” indicated “being on friendly terms with the Chinese government”. Their top executives have been invited to visit China, one after another, after having changed their marketing strategy. Because of this, Mai was able to aim at a substantial profit gain from this vast market. In 1995 they invested an additional 360 million US dollars in China, focused on Investment/Technology Transfer. They plan to add up to \$1.2 billion US investment in China by the year of 2000 (A Company Source).

Management and sourcing localization also reflects a strategic change. Before, expatriates in China had met with high rates of cultural resistance and other failures in doing business in China. Although many companies changed strategies by providing cross-cultural training before their assignment, many problems continued to persist. Experience would therefore seem to indicate that Western marketing way is a poor strategy in China. Cultural contract is the only solution. This means solving specific problems with specific prescriptions. Management localization, with advantages including low production costs and administration, could be interpreted as a cultural contract in doing business with the Chinese. Most of Mai's operations in China will be localized during the next five years (Teletalk 97).

The above three benefits convinced Mai to develop joint ventures as strategic alliances. Mai China's underlying policy is to develop joint ventures as a wholly-owned enterprise. A manager in Mai, told me that for Mai, China is the

only country among all of its global divisions with which joint-ventures are being pursued. As a wholly-owned private business, Mai changed its strategy. This is also due to the influence of the local government's policy. In China, any foreign enterprise wanting to make money within China must give up 50% of its shares to the Chinese. To establish a joint-venture partnership is the only feasible way of doing business. This partnership is a gate to success. Although it is a risky market, Mai still foresaw opportunities, and accepted this requirement to set up its first joint-venture in the world. As Mr. Lai, a technical manager put it:

Although we still have a way to go to provide the ideal environment for our joint-ventures, we recognize the critical need for information exchange between our joint-ventures, Mai and China. We will strive to make it happen. This is based on Nica's corporate system security.

There are some risks exists in the market. I had to mention the experience of establishing joint venture here. One of the distinctive features is that it has never been established joint ventures in anywhere else other than that in China. In China, we have a joint venture with Panda Electronics in Nanjing. This strategy is made specifically to cater the need of some policies of the Chinese government. The reason why Mai does not like joint venture is because it is afraid of losing tight quality control. Now, they changed their way of thinking. The strategy is proved to be working really well (No. 1, Figure 7, Canadian, Mai).

Just as in the case of CDMA, the structural constraint here is, once more, government regulation. Because power counts in China more than anything else, a foreign company wanting to make money in China had to yield to local government regulations. The joint-venture is a pragmatic solution to the problem of structural constraint, but also a cultural contract in corporate strategies.

5.3. Management strategies

5.3.1. Signification, domination and legitimization— “Serve for the customer”

I photographed a creed of Mai China’s slogan, “serve for the customers”, when observing and interviewing a manager of Mai China in the technical department. Whenever anyone enters the main gate of Mai’s Chinese branch, this slogan is the first thing that catches their eye. It is not an ordinary slogan, and it indicates that Mai managers are using symbolic strategy in communication. Five big characters in a beautiful masculine calligraphy are there on the wall—“serve for the customer”. The person who put up the slogan must have known that every Chinese would recognize that this was the handwriting of former chairman Mao Zedong of People’s Republic of China (1893-1976). In this creed, three of five words are his original, “wei” (for) and “fuwu” (serve). However, when Mao wrote this in the 1950’s in a political activity, he wrote “serve for the people”. As Chinese brought up from Mao’s age, almost everyone knows the famous saying of Mao. This time, however, the focus is *customers* rather than *people*.

According to Macintosh (1990), “Giddens’ structuration theory is concerned with the interplay of agents’ actions and social structures in the production, reproduction and regulation of any social order. Structure, existing in virtual time and space, and drawn upon by agents as they act and interact in specific time-space settings, are themselves the outcome of those actions and interactions.

In their reflective monitoring of action in social settings, agents rely on both their discursive and practical consciousness and motivated by an unconscious need for ontological security (Macintosh 1990:115).

The managers used their actions consciously to produce and reproduce a new strategy-making structure to control and educate their employees. Meanwhile, this new structure acts as an ideal vehicle to serve for the managers' unconscious need for ontological security. This symbolic strategy-making process may be better understood using the framework of Giddens' theory of structuration. If we consider corporate strategy formulation as a system, we could argue that it is implicated in the signification, legitimization and domination structures within organizations. This corporate strategy links the three structures with power. Interpretive schemes are the cognitive means that each actor uses to make sense of others' action. "Serve for the customer" as a speech act is drawn upon through cognitive schemes of syntax and semantics to create meaning and understanding. The interpretive scheme enabled managers to interpret past results of Mao's saying and the reaction from the employees. This famous saying is long-lasting and has frequently been quoted because Chinese people believe it is the right thing to do. We may assume there is no exception for the Chinese employees of Mai. They may feel the same way--no matter high or low or what position one occupies, "serve for the people" is always the truth. In the signification dimension, the system is used by managers to interpret results, take action and make plans to use this symbolic device. In the domination dimension, this strategy-making system becomes a facility that managers use to coordinate and exert control over employees. In the

legislative dimension, the strategy making system communicate a set of values and ideals about what is approved and what is disapproved. "Serve for the customers" indicates certain values, such as that customers are always right. In this way, it also sets up a kind of standard which is used to justify the rights of employees at the workplace and to legitimate the use of certain rewards and sanctions.

5.3.2. Time-space distantiatio--"Call-log" system

The theory of structuration is a dynamic theory regarding the enabling and constraining of activities. According to Giddens, this factor is structure, manifested in structural properties consisting of rules and resources. Meanwhile, they are reaffirmed through their use by human actors. Structural properties use rules and resources that human agents use in their everyday interaction. These rules and resources are what mediate human action and at the same time reaffirming the human actor's experience in their use. Giddens explains that the system of artifact objects mediating the reflection is what carries cognitive artifacts. This role is seen as a mediator, exerting great influence in a transformation process. In the theory of structuration, structure is what gives form and shape to social life. It only exists through the activities of human agents (Giddens 1984).

The time-space discontinuity separates the two worlds of the decision-maker and the strategy users. For structural properties, the institutional features of social systems stretch across time and space. Social systems are not only

rules and resources; they are also situated within time and space (Giddens 1984). This panoramic view could be seen as a practical guide to management strategy-making based on observing both producer and consumer activity systems. In this way managers can escape from the time-space discontinuity, reflected as gap between the company and customers.

Just like two worlds which teleconference across the ocean, decision-makers who have formulated strategies proactively are not necessarily those who form it into reality. In the strategic implementation process agents may encounter problems in operation and interaction. These two activity systems happen at the same time in different time-spaces, with one an open system, the other closed like a black box. Because these two systems belong to two different systems in time and space, it is not easy to collaborated together and approach a panoramic view--the time-space discontinuity and so-called gap between manufacture and consumer is made apparent. In Giddens' view, the different systems in time-space could be co-present in system integration.

Since it is the human agents, actors, who produce and reproduce the property structures, it would be better to change the managerial strategy regarding hierarchical levels to a horizontal structure so as to strengthen communication between managers, users, designers, and distributors. The call-log system at Mai China, mentioned by technical manager Mr. Liu, is an interesting communication system with regarding to filling the missing link. As mentioned earlier, the dual roles of engineer and manager made this innovation possible. It is a programmed piece of software in the computer

system for handling customer complaints generated from the use of mobile phones. Not only engineers but managers, too, are able to see the call-log customer files to handle, repair and monitor the problem. The teleconferencing system, on the other hand, also empowers human agents by handing them more control over activities stretching across time-space by the domination of technology. In this way, *time-space distantiatio*n joins together different sorts of resources in reproduced structure of domination (Giddens 1984).

5.3.3. Dialectic of control—IDE and Hanxian

The “dialectic of control” is similar to Barley’s study of technology (1986), in which knowledge of technology affects users and exerts a dialectic of control upon them, reproducing the power structure between the human agents. Sparkled by Barley’s CT scanner case study, in this thesis, I wish to speak of the invisible hand—cultural factors. As opposed to technology, I am interested to know how cultural factors influence the agents’ strategy-making and exert certain degrees of control reversibility through their use and meaning in the social actions of people of different cultural backgrounds.

In organizational life, a *dialectic of control* occurs when the subordinates wield control over superior managers. In reality, in terms of culture, local employees may indeed hold information which enables them to wield control over senior managers. In order to avoid such problems, Mai has developed the so-called IDE program to cherish individual needs. This incentive strategy may be seen as a method for consolidating control over employees to avoid a

dialectic of control. This strategy is developed through changes and unexpected situations in China. From the fieldwork, one manager in China provided me with a detailed example in the Individual Dignity Employment (IDE) system. This system values personal commitment for Chinese employees. Each is required to develop their career plan. The company pays a great deal of attention to what employees want to be, and value individual dignity in order to develop each person's different future. The managers, and supervisors attempt to keep up communication with each employee and discuss their career goals with them. Engineers are encouraged to learn new technology. If they are not satisfied with the current state of the company, what is their ideal way of doing things? Channel of communication are always open. The company tries to meet individual needs through company goals. Promotion is awarded according to individual ability and achievements, not simply by age or experience.

In another sense, in the structuration theory, the dialectic of control refers to the manner in which social technology shapes the user and the user, in turn, shapes the technology, exerting control over its use. Users play a central role in realizing the technology, "reinventing it" and perfecting it. An example of "fraud" applies to this sense: users of the mobile phone in China took advantage of free services on telephones and, when the time came to paying service fees, disappeared, perhaps appearing on another number. Here, users found their own way to bypass all sorts of obstacles and inconsistencies so as to realize their own purpose. The dialectic of control is realized only at the time it is being used. On the other hand, such cases, the unexpected situation, forced the

strategy-maker to form a necessary change in service policies. Unexpected consequences of agents' actions and behavior is also attached to the dialectic of control.

Interactions with users also shapes strategy-making and the development of certain products. The structure of the strategies may be produced or reproduced in the users' interaction with the products. Another example shows that from 1996, Mai's mobile phone product in China gained a new product line: *hanxian* (Chinese-character display) paging or cellular phone, with a function to display Chinese characters on the screen. In this sense, the strategy-makers reshaped product-making strategy to cater the needs of users in this specific region, and the users, in turn, shaped the strategy. As a successful co-evolution, this new product has won a great deal of success and increased Mai's market share significantly.

5.4. Negotiation strategies

5.4.1. Unexpected consequence— Face

Negotiation is considered to be the "lubricating oil" of social competition, an effective tool dealing with human relationships, and a bridge from competition to cooperation. Mr. Lu, a Nica engineer, has rich experience in participating in a series of Sino-Canadian negotiations in the telecommunication area. In the interview, he provided a good example of cross-cultural conflict in negotiation. The case took place in April 1996, in which he was a the representatives of Nica Canada. The 12-person Chinese team was

organized from the Ministry of International Trade and Ministry of Posts and Telecommunications, whereas Nica's 6-person Canadian team was represented by a marketing manager. During the negotiation, the Chinese representative demanded Nica if it were possible to provide free accessories under the condition that they purchase their product. The marketing manager immediately responded "no" to this request. To the Canadian side's surprise, the negotiation atmosphere suddenly became frozen. The difficulty in this cross-cultural negotiation according to He, is because of the different cultural backgrounds. For the Chinese, it is very impolite to say "no" directly, especially for those with a certain social prestige, whereas for Westerners, there is nothing wrong in saying something straightforward when backed with scientific reasoning. The Chinese team was very embarrassed by this unexpected response: normally for Chinese negotiations, they would expect the other team to say: "let me take some time to consider your request" and so on.

A Chinese team would never use this straightforward strategy to turn the other team down so quickly. The Chinese Minister mentioned that they have posed successful negotiation with the Japanese previously. This has much to do with the similar cultural background of the Japanese. They understand the importance of *guanxi*, the popular pragmatic philosophy. They know that small sacrifices will allow them to keep long-term clients and will bring profits in the future. They therefore agreed to some concessions in order to maintain a long-term relationship. The implicit cultural role plays an important part in East-West negotiation strategies. On the other hand, in terms of personal negotiation skills,

Mr. Lu feels that the difficulty in communication was a result of this marketing manager's lack of cultural preparation. For him, it was the first encounter with Chinese. In order to avoid such situations, he intentionally put an emphasis on cultural education later on, and started to learn the Chinese language and culture. This experience reflected the difficulty in cross-cultural business negotiations caused by neglecting cultural factors in strategy-making.

Cultural contract

To my surprise, the example depicted by Mr. Lu meets the theoretical framework for measuring cross-cultural negotiation effects. From this case, I found that there exist structural constraints influencing strategic change. The constraint in this case is the *face issue* (Figure 5). Unlike in other cultural systems, the Chinese are concerned significantly with face or losing face in front of others. To give face means making a friend; to make others lose face arouses conflict.

Face is attached to an invisible structure in modern Chinese organizations—*guanxi*. It also has an implicit practical significance that emerged through the action and interaction of human agents. Nearly all Chinese value *face*. This attribute is inherent as a tradition and became part of culture in society. In public places, it is considered polite to give face. Not turning down a request directly is not only favorable but also an implicit rule of public relations. Instead of giving a direct negative answer, the Nica marketing manager could have employed another tactic to present his view in a more

acceptable way, such as saying “I appreciate your purchasing our product. However, our company has difficulty as well., we have never tried to...” an etc.

Another interesting approach is that Chinese tend to place more stress on the emotional side, and are usually very polite in stating a situation. Canadians, on the other hand, seem to prefer more systematic and logical styles. This characteristic is reflected in signing contracts, according to He. Chinese tend to say: “The important thing is that you believe what we are discussing, because belief is worth more than paperwork.” In this sense, they are also likely to act despite the contents of a signed legal document, the business contract. Canadians, on the other hand, tend to think that contract is everything, that all details have to be written into the contract, believing a contract is a concrete, reliable and lasting thing. This is an interesting angle which unfortunately lacks concrete examples, but bears deep cultural indications. However, one can only realize the existence and importance of “face” when a cultural barrier happened out of neglecting it. In this case, it caused the frozen state of affairs between the two teams, which may have led to failure of their business negotiation. The marketing manager understood how fatal it can be to organizational policy.

This example supported my hypothesis on the idea of cultural contract. This approach the cultural contract’s existence, which is unstable or fragile. The contract takes place in the process of communication, when the two agents—here, the Canadian negotiation team and the Chinese officials--encounter and interact with each other at the negotiation table. Specifically, for

my research, the cultural contracts are formulated when they intend to sign business contracts. In this case, the structural constraint of face formed an implicit cultural contract in negotiation, and the human agents' actions are those producing such constraints. Unexpected consequences of the human agent's action, after he said "no", mediated the real strategies on the negotiation table. Hence, cultural contract C was in evidence here.

5.4.2. Unexpected situation

As explained by Mr. Liu, another case occurred in January 1997, in Mai's negotiation with a domestic customer. Mr. Liu happened to be in charge, representing Mai. The customer was a corporate client, and made an unexpected request at the end: the manager of a factory bought thirty mobile phones for its employees, and asked if it were possible for Mai to help facilitate an overseas excursion by using its influence with authorities. What Mr. Liu experienced was a change of strategy in terms of an unexpected situation in the theory of structuration. Interaction between Mai's team and its corporate client's team formed a temporary structure, a cultural contract that is unstable and fragile. The manager would never expect an answer like *no*, because, as Chinese, they both know it would freeze the relationship and break this *guanxi* in the future. For Mai, connections also mean more clients and more business—and so, for the future benefit of the company, he accepted this unexpected request. In such a case, even if Mr. Liu had prepared his strategies,

he had to change them due to an unexpected situation. This is when the cultural contract is born.

Unintended consequences can become unacknowledged conditions by being incorporated in *homeostatic* casual loops. Unintended consequences can also become unacknowledged conditions in so far as the unintended consequences of action is the reproduction of the structure which renders further action possible (Giddens 1984:11).

The cultural contract, whether resulting from intended or unintended consequences, has a casual manner. Observation and interview suggested that Western companies are increasingly apt to take cultural factors into account when they are conceiving strategy regarding China. According to Giddens (1979), the social system is "situated in time-space as a virtual order of differences, and is produced and reproduced in social interaction as both its medium and outcome" (Giddens 1979: 3). This medium and outcome, then, are the structure, which exists in the activities of human agents, is shaped by human agents' actions, and is followed by strategies (Mintzberg 1973). The fact that structure occurs in interaction implies that users of the strategies could plan and control this process. These controls have limitations, because that the social system and its interconnections are too complicated for users to master the implications of their actions. Unintended consequences may arise. Temporary cultural contract seems to be an appropriate solution.

Strategy shapes the business environment and is shaped by it. In the process of doing business with the Chinese, foreign agents shaped their strategies, and their strategies were, in turn, reshaped by certain structural constraints on the ground. In a world which is chaotic, real strategies are

mediated by action and by practice in such a way as to deviated from stated strategies, and in this process, cultural contracts are born. They are a key solution for research.

Conclusion

The problematic of my thesis was to identify different cultural features that affect corporate strategies in Sino-foreign telecommunication enterprises. Using a descriptive qualitative method to undertake fieldwork, I collected interesting stories describing agents' actions from interviewees. Based on this fieldwork data, and from documentation, observation and interview, I am able to generalize several structural changes in the current actions of human agents in their strategic change in these international corporations, i.e. Mai and Nica. The research findings supported my hypothesis. New cultural contracts may be identified in the strategic formulation process of organizational communication. Their structures are produced and reproduced through the interactions of human agents.

My hypothesis is constructed under the guidance of Gilles Brunel (1998, Personal Communication): in terms of organizational culture, the cultural contract view is born in the process of instantaneous adaptation. During the fieldwork research, I also found some conflicts--in Giddens' words, structural constraints. According to Giddens, all constraints are also opportunities, media for the enablement of action (Giddens 1984). The fieldwork showed structural constraints to be manifest in form, such as in government regulations, face issues, and cultural factors. All of these constraints result from the imbalance of the allocation of rules and resources since, in China, authoritative rules take priority in access to a wide range of resources. In such a context, new cultural contracts are among the practical solutions possible as a response to the

constraints of the *guanxi* and *face* models (*Figure 5*). From case analysis, we determined that cultural contracts are implied in strategic change, from CDMA to GSM system, from wholly-owned enterprise to a Joint venture, and from neglecting cultural factors to valuing *guanxi* and *face*.

My research examined both internal and external corporate communication studies in terms of marketing, management and negotiating strategies of Chinese-based telecommunications joint ventures. The purpose of both types of communication is the same as the purpose for strategic formulation, that is, to successfully undertake economic transaction, while, in sociology, it also serves to make sense of the human agents' experience to shape a better cultural contract. When we talk about what is good for an organization, we are, by definition, negotiating what must be done to make it happen. Strategies are realized in human agents' actions, and are produced and reproduced by them. Just as corporate communication does not guarantee results, so are message receivers are free to comply (or not) with messages.

This rule is in accordance with duality of structure: the structural properties of social systems are both medium and the outcomes of the practices which constitute them. In practice, strategies are realized in human agents' actions, produced and reproduced by it. It is a simple formulation, which may be sketched like this:

structure (rules + resources) ↔ *strategy* ↔ *communication*

At communication level, interaction translates into structure through the prevailing modes of discourse (code), either argumentative or narrative from

reflective consciousness to discursive consciousness, and then practical. Strategy, follows structure. It is a plan of action, and is realized in human agents actions, shaped by and shaper of structure. As a system of rules and resources, structure should be seen as the principles or rules of transformation (Giddens 1984). In the strategic formulation process, communication translates into structures of signification. In turn, interaction is transformed into structure through modalities, such as interpretative schemes, which, in turn, restrict interactions and interpretations (Weick 1986:245).

Different concepts of the theory of structuration, such as structural constraints and unexpected consequences of action help to explain how and why the companies formulate and change their corporate strategies.

Structural constraints are so unavoidable that they permeate every aspect of life. If we compare life to drama, constraints are an indispensable factor interwoven into the play, with their ups and their downs. The existence of constraints is universal. In retrospect, we perceive that organizational communication problems sprout from the seeds of constraint, grow through conceptualization, intensify through behavior, and are resolved by cultural contract. On the other hand, structural constraints are the mediating tool: the greater the constraints, the more glorious the triumph.

From the fieldwork, there are many cases prove that strategic changes could be triggered by structural constraints. As an example, both Mai and Nica switched emphasis of selling from CDMA to GSM, to cater the special needs expressed by the Chinese government. Company-wise, the most striking

example was the adapted version of Mao's famous *serve for the people* into *serve for the customer*. It is designed not only for an ideal economic result, but also to realize a sort of ideological control. This is a typical strategy adapting cultural factors. Examined with the tools of structuration theory, we understand profoundly how and why these companies formulate and change their corporate strategies. This is when cultural contract occurs. This contract in strategy is always open to change in order to adjust itself. Its structure is produced and reproduced through the interactions of human agents.

Unexpected consequences may arise as a result of human agents' actions or behavior. In the strategy-making process, when intercultural communication occurs, cultural contracts are formed--when different cultural agents convey strategic messages produced by members of one culture for consumption by members of another culture. The strategies preceding action would be changed after having been put to use in reality. Real strategies are based on cultural contract; they are ad-hoc and motivated by change.

This cultural contract in strategy is always open to change to adjust itself. Its structure is produced and reproduced through the interactions of human agents.

In on-the-ground corporate communication, I found that cultural contract mediates strategic change, mediating between action and structure. Cultural factors constrain and enable the ongoing process of communication. The cultural factors affecting these cultural contracts are formulated in the interaction of human agents--here, when Canadians and Chinese engage in marketing,

management or negotiation strategies. The structure modifies itself, in the circulation process, in order to adapt better to its new environment. The change, in turn, is manifest in human action in organizational life. As a result, cultural contract is reached when unexpected consequences happened, forcing managers to change their strategies accordingly.

The cultural contract that shaped and reshaped the actions of decision-makers in the globalization age is not the ancient philosophy of Confucius or Sun Tzu's military strategies. From fieldwork, I found that it is not cultural factors, which changed the actions of decision-makers: the interviewees perceived doing business in China as very risky, mainly because no law or regulations protect foreign agents. *Guanxi* and *Mianzi* emerged through action and interaction with special human agents—the Chinese. Although the study of culture does have a certain value for foreign expatriates in order to understand Oriental mentalities, *guanxi*, the odd contemporary organizational culture in China, shares features of the cultural contract. It is *guanxi*, the new phenomenon rampant in contemporary Chinese society that is crucial in doing business. It could be considered as a specific cultural contract originated from strong family orientation in the business environment in China. Subsequently, sophisticated skills had converted interpersonal communication into a highly developed and complex art in the cases that I analyzed.

Finally, although there is something invisible and ad-hoc that humans can hardly control in this communication process, there is nonetheless a part, which is tangible. In practice, corporate decision-makers are still able to cast

their stated corporate strategies, but should always bear in mind the existence of cultural contract, which produces and reproduces strategies in action. As Kenneth Farmer, the pollster's Hong Kong-based managing research director, says on this subject: "China is a very complicated market with differing degrees of sophistication and differing degrees of market development, and it requires a lot of hard work" (Schoenberger 1996:120).

Corporate strategy is an important and pervasive aspect of organizational life. Human agents' actions occur at all levels of society, constituting disequilibrium in a "homeostatic" state. Because strategy follows structure, corporate strategy is highly patterned, and it is possible to predict some of the stages that clash in various systems.

A metaphor of combining an apple and pear illustrates my hypothesis on cultural contract. The apple and pear resemble East-West organizational cultures. They have been growing for a long time into their present forms. When one picks an apple, one eats and tastes only the apple. If one picks a pear, one eats and tastes only the pear. The only way to combine the tastes of the apple and the pear is to make them into *juice*. Only those who drink it know the true taste of this apple-pear juice: if they like it, they will drink it, but if not, they will try something else—perhaps orange and cherry. So it is for cultural contracts: human agents have many options in the juice-making process. They are capable of reflecting from the unconscious level to the conscious one, to decide whether or not to add more sugar.

Mai and Nica are learning the structure in practice in its patience and bullheadedness. Their interpretative scheme made them reflect what they experienced from unconscious level to conscious ones, and recast their strategies.

The Chinese idiom “ru xiang sui su” suggests that an alien should follow the local rules to do things; whereas Intel CEO Andy Grove achieved by living by his motto “only the paranoid survive” (SCHOENBERGER 1996: 118). The cultural contract approach seems to coincide with what the late Deng Xiaoping called “crossing the river by feeling for the stones” (CAIRNCROSS 1997:23). In traveling, when a man has to pass a river in front of him, and nobody knows how to pass it, he can tell how deep the water is and make the crossing by feeling the stones inside.

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ANNEXES

Annexe 1 Questionnaire

Hello, my name is Cynthia Wu. I am a student of M.SC. Communication in Université de Montréal. I am currently doing a research to study communication strategies in Sino-foreign enterprises. Part one concerns with your view on the general organizational strategies of company N in Chinese market. Part Two, more management-oriented, is about your individual experience on strategies in this cross-cultural environment. Part Three is on negotiation strategies. Detailed cases to open-ended questions as well as the close-ended ones would be very helpful. Information concerning to this survey will be kept confidential. I appreciate your effort in answering the questions. Your are also very welcome to further discuss with me on the topic via e-mail. My address is wuyu@magellan.umontreal.ca. Thank you!

General Information

1. Which department do you work in your company?

2. What level of management work are you involved in?

3. Please indicate which of the following categories do you belong to:
 - A. Chinese origin, born outside of China, stayed in Canada for more than 10 years.
 - B. Chinese born, stayed in Canada for 5_10 years or more.
 - C. Chinese immigrant stayed in Canada for less than 5 years.
 - D. Chinese employee, or expatriates working in a multinational telecommunication enterprise.

4. When you think about cross-cultural problems, what are the first three conflicts or differences that come to your mind?

Part One—Marketing strategies

5. Would you tell me the reasons that motivated your company to do business in China?

- A. A new market for product and services
- B. Participating in a joint venture
- C. Low wages existing in China
- D. Opportunity to establish foothold in China trade
- E. Other (please specify)

6. How do you perceive the risks of doing business with China now?

- A. Extremely risky
- B. Very risky
- C. Somewhat risky
- D. Slightly risky
- E. Not risky

7. What have you perceived are the frustrations in doing business with China?

- A. Lack of local market updated information
- B. Limited access to Chinese market potentials
- C. Tight control policies by the government
- D. Strict trade regulations and tariffs
- E. Fraud, uncertainty in market
- F. Unavailability in financing

- G. Close communication system
- H. Local bureaucracy
- I. Lack of qualified local personnel
- J. The western marketing strategies do not apply to Chinese market
- K. Unpredictability (cultural difference)
- L. Language barrier

8. What are the short-term and long-term objectives of your company?

- A. To obtain more market share by sacrificing some profit
- B. To win by lower price of the product and service
- C. To win over more business by new technology
- D. Continuously looking for new opportunity to expand the business in China
- E. To withdraw from the market because it is highly risky
- F. To localize management team and use new management skills

9. After your company implemented the marketing strategies, is there a change due to certain unexpected situation in China? Why? What are the changes? Would you provide some examples in marketing in China due to cultural differences?

Part Two-- Management strategies

I. Hierarchical and power structure

10. Which of the following description is more appropriate according to you?

- A. The hierarchical structure is important, it guarantees control of the order.
- B. Everybody is equal no matter what level they are in management.
- C. Connection in the company is vital to a successful career.

11. What kind of manager do you think is better?

- A. Open and flexible, cherish individual initiatives, provide coaching for employees, and motivate them.
- B. Using power and rules to guarantee the hierarchical order of the company.
- C. Stimulation and punishment should be both applied.

II. Career advancement

12. How do you expect the career advancement for yourself in the company?

Why do you think so?

13. What do you think is the efficient way to make your career advancement happen, by performance or by connection?

III. Motivation and reward

14. What will motivate you more to work in your company?

- A. I am devoting and loyal to the company, it is like my family.
- B. I need to have better material stimulation to devote more to the company.

15. When facing challenges and disharmony, what would you value?

- A. Equal competition is fair; I like challenges from colleagues of all levels.
- B. Teamwork is No. 1 in a company; we should always avoid group disharmony.
- C. I welcome different opinions and suggestions, individuals should be valued more.

IV. Managerial styles

16. Which quality do you appreciate in terms of managing people?

- A. Down-to-earth, using practical thinking, compromising when necessary.
- B. Think differently from your boss, make decisions with initiatives.
- C. Not to take risks plans ahead and implements the plans step by step.

17. Could you describe a case to explain the management method of you or your boss? In your experience of management, have you perceived or used any strategic change due to unexpected situation? Why is it necessary?

Part Three—Negotiation strategies

18. Negotiation is important when facing conflicts. What strategies would you use when dealing with conflicts with your colleagues?

- A. Weigh words carefully before giving criticisms indicate who's to blame.
- B. Clarify the responsibilities, the facts and suggest solutions.
- C. Obliging hopes to keep peace and harmony.
- D. Make clear what the fact is, no ambiguities, what right is right, what wrong is wrong.

19. When you have conflicts with your managers, and you need to negotiate with him, what strategy would you choose?

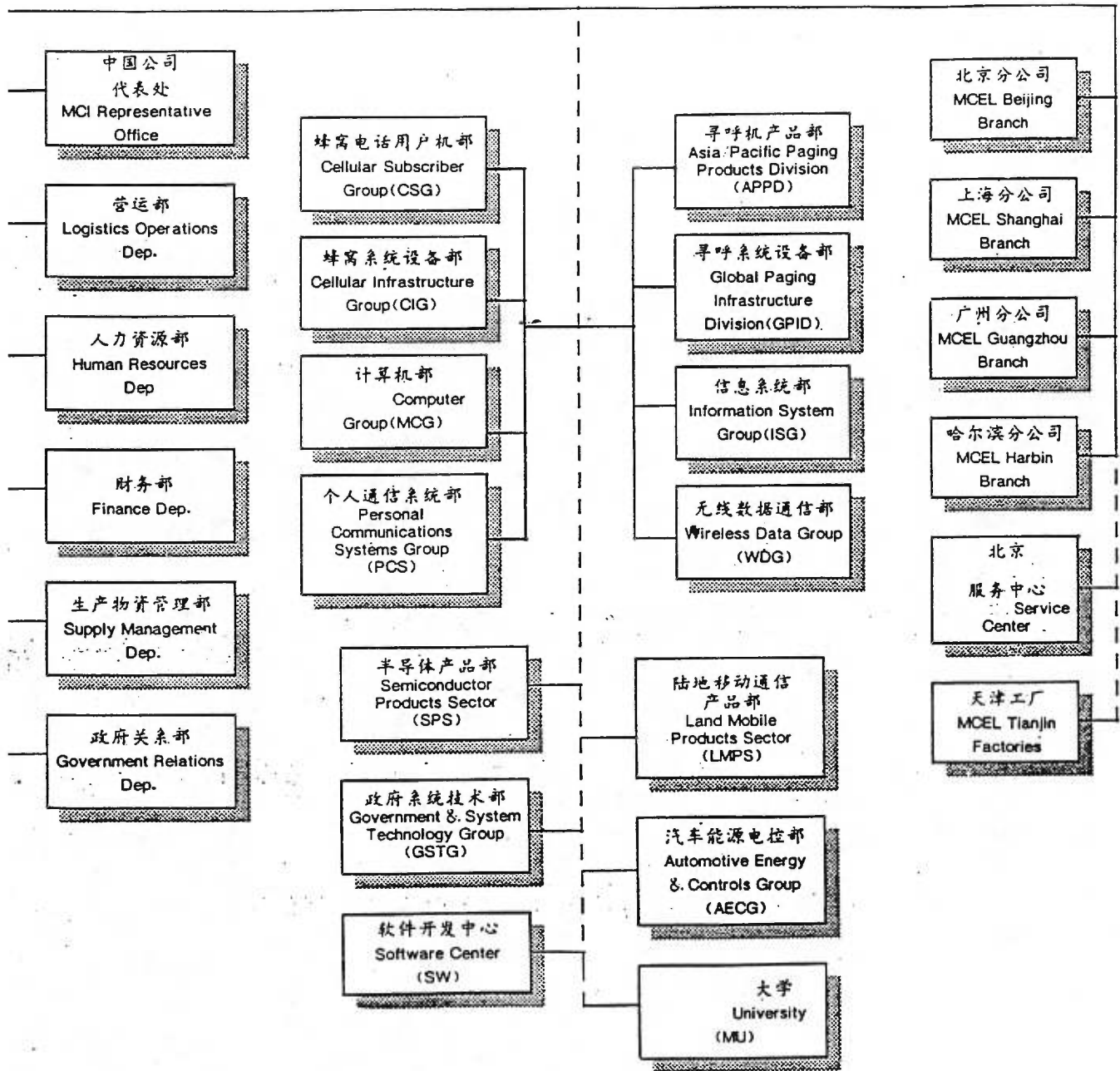
- A. One should maintain face when dealing with conflicts.
- B. I respect the seniors and the managers, and would choose to oblige to them when there is conflict.
- C. I would argue verbally what is right and what is not and clarify responsibilities.

20. In a group negotiation, which of the following strategies would you use?

- A. Be polite and humble, try best to avoid confrontation.
- B. Use logical and systematic argument to convince.
- C. Seek win-win synergistic strategy and refuse compromise solutions.
- D. Make incremental, small concessions in order to demand the maximum possible.

21. In negotiation circumstances, have you observed any strategic change in your team due to certain unexpected situation? Could you explain with specific examples?

Chart 4 Organizational chart of Mai, China



Organization Charts

Chart 5 NICA NETWORKS EXECUTIVE ORGANIZATION CHART

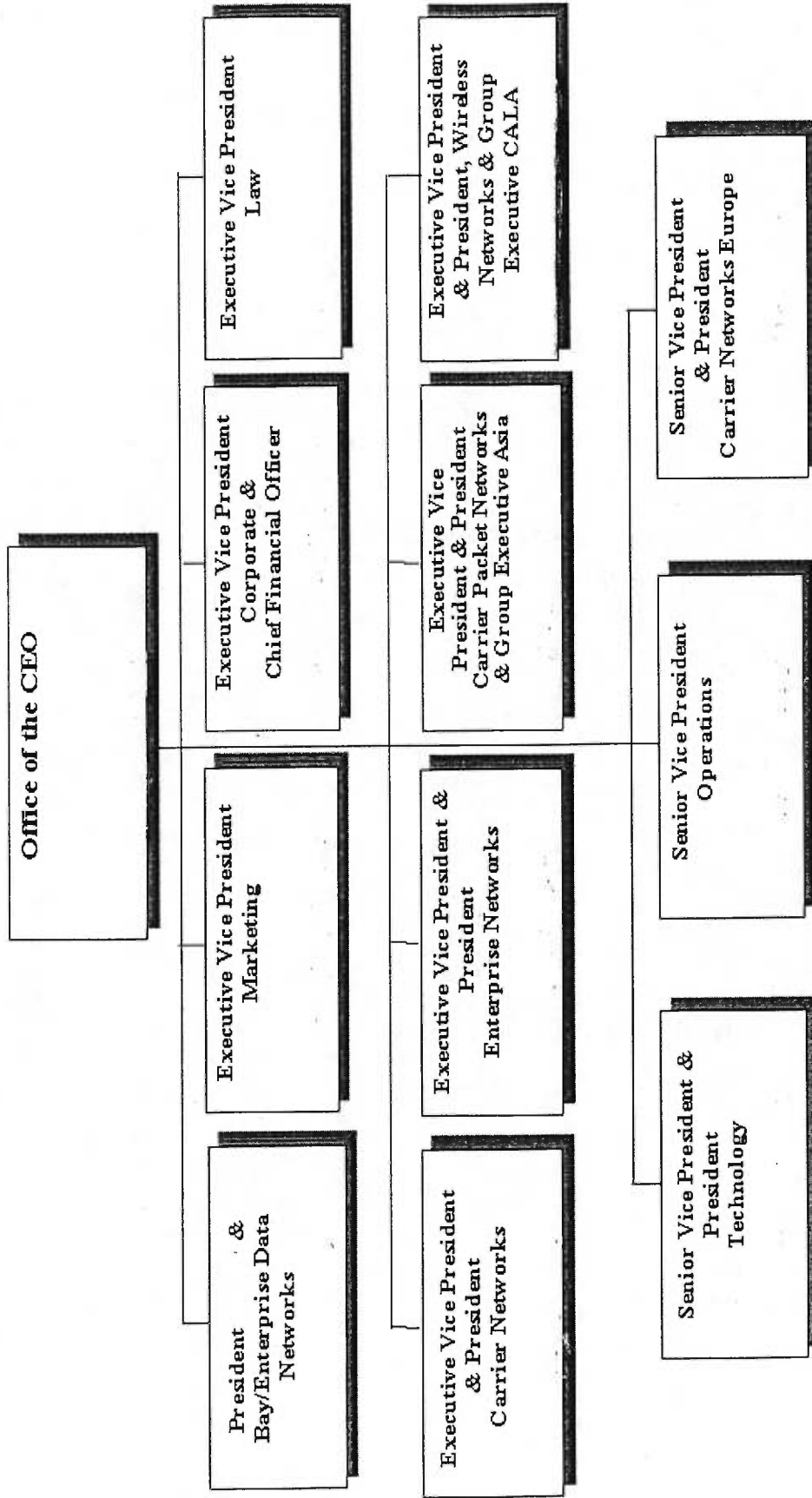


Figure 8 Map of China

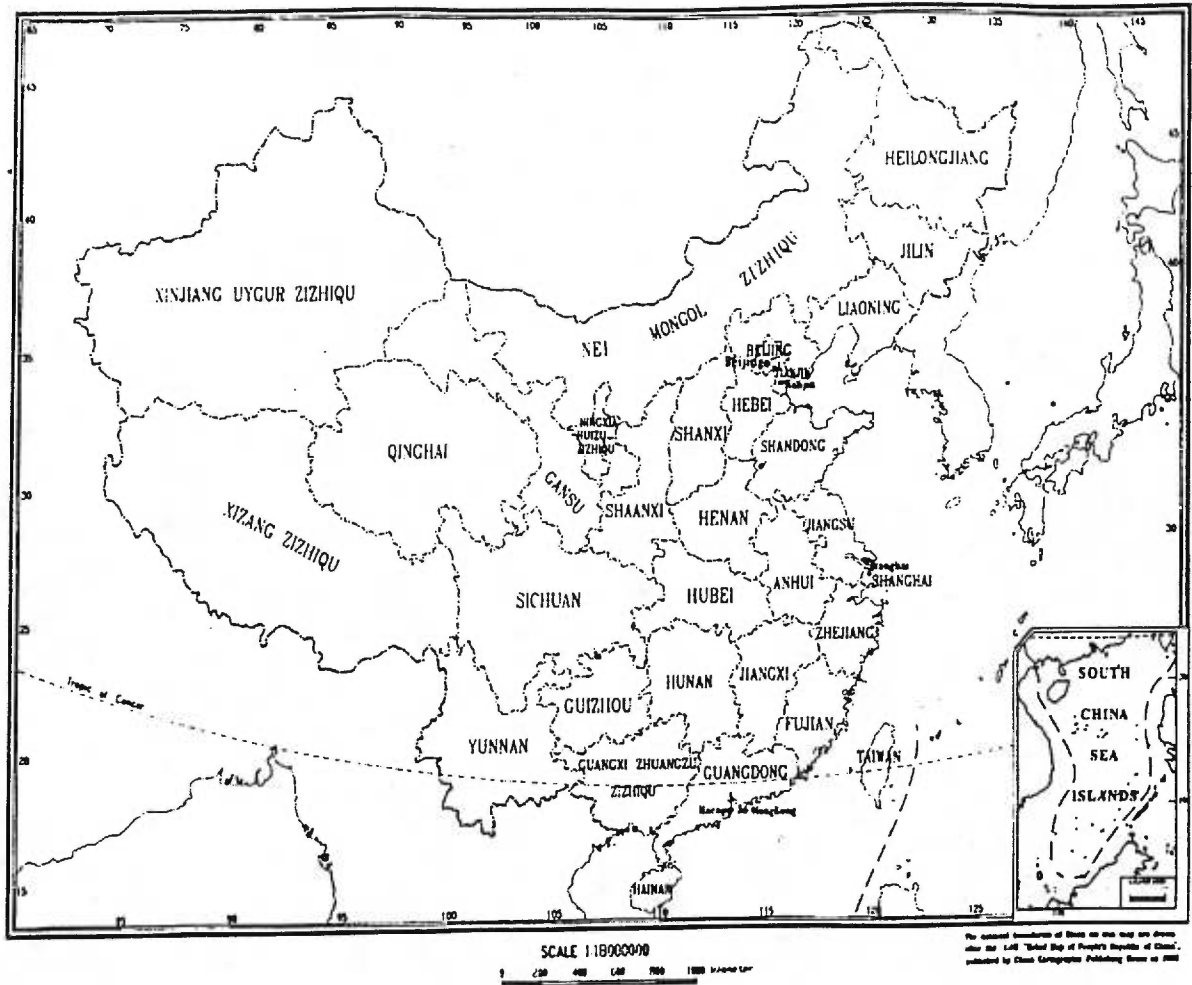


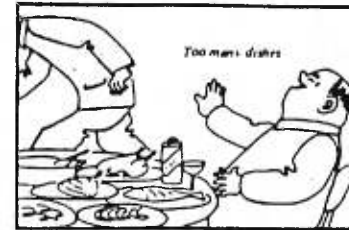
Figure 9 Illustration of Chinese Bureaucracy



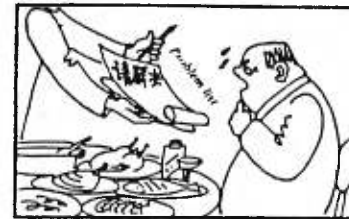
(a) Fear of accusation 冯春生
(b) "Another gift"

Some cadres have to be bribed before they look to their responsibilities¹ (J. 14)

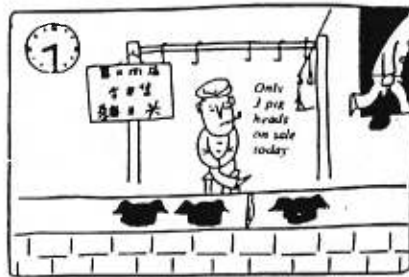
J. 14



— 菜是多的啦 —



—— 这是主菜，晚吃可！
Main dish last!



大实话 油条
(Best parts left by back door)



家里事单位办 单位事家里办
周正安 (沈阳)
Mix-up of domestic and business affairs

¹ In a case reported in 1983, for example, a group of five electricians were offered cigarettes and tea when they went to install lines for a commune. However they went on a "pig slow" routine until served chicken and duck as special treats. They also felt neglected if the commune leader did not remain with them all the time" (Aug. 3)

In another situation, a number of plumbers with a certain engineering company solicited payments for speedy repairs to pipes and taps in homes. If the work was finished more quickly than they planned after the initial supplementary payments, they would have to leave until given an additional payment. After complaints were made against them, they were ordered to refund the payments. (Aug. 11)

Photo 1 Messages in Chinese, Mai, China

