

Oiva Laaksonen

**Management in China
during and after Mao
in Enterprises,
Government, and Party**



Walter de Gruyter · Berlin · New York 1988

Contents

1 Introduction: The Management of the Colossus is Changing	
1.1 Why Study Chinese Management?	1
1.2 Material of the Study	3
1.3 Structure of the Book	5
2 One Billion Human Power Units	
2.1 China's Human Resources	9
2.2 China's Geography and Its Impact upon the Economy	11
2.3 Economy	13
2.3.1 Changing the Course of Development	13
2.3.2 China's Natural Resources and Production Capacity	13
2.3.3 Who Owns China's Industry?	17
2.4 Culture	21
2.4.1 The Concept of Culture	21
2.4.2 Education	22
2.4.3 Religious Values in China	24
2.5 Administration	26
2.5.1 State Administration	26
2.5.2 CPC Administration	27
2.6 Summary and Conclusions	30
3 Foundations of Chinese Management: Administration Before Mao	
3.1 China of the Emperors	33
3.1.1 Ancient Socioeconomic Developments	33
3.1.2 Early Chinese Management Thoughts	37
3.1.3 Hanlin Academy	42
3.1.4 China's Government Structure During the Imperial Period	44
3.1.5 European Invasion of China	47
3.2 Storms of the Republic	50
3.2.1 The Long March	55
3.2.2 War Against the Japanese	57
3.2.3 Second Civil War	58
3.3 Summary of Developments to 1949	59
4 China in 1949: Mao's Inheritance	
4.1 Chinese Traditional Values	63
4.1.1 Religions in Old China	63
4.1.2 Values and Attitudes Concerning Age	65
4.1.3 Values Concerning Hierarchy and Authority	66
4.1.4 Role of "Face" in China	67
4.1.5 Chinese Organizational Values Found Outside the People's Republic	68

4.2	Knowledge Resources of China in 1949	70
4.2.1	Problem of Knowledge in a Developing Country	70
4.2.2	Educational Level of Pre-Mao China	71
4.3	Human and Economic Resources of China in 1949	73
4.3.1	Human Resources	73
4.3.2	Condition of Agriculture	74
4.3.3	Chinese Industry in 1949	75
4.3.4	Transportation in 1949	78
4.3.5	Trade in 1949	79
4.4	Administrative Resources in 1949	80
4.4.1	China's Traditional Administrative System	81
4.5	Communist Management Practices Before Their Victory	84
4.5.1	New Experiments with Hierarchy	84
4.5.2	CPC Communication and Norm Power Before Their Victory	87
4.6	China's Managerial Resources in 1949	88
4.6.1	Managers of Enterprises	88
4.6.2	CPC as a Managerial Resource	90
4.6.3	People's Liberation Army as a Managerial Resource in 1949	90
4.6.4	Government Organizations as a Managerial Resource	91
4.6.5	Higher Educational Institutions as a Managerial Resource in 1949	92
4.7	Summary and Conclusions	94
4.7.1	Old Values and New Ideological Power	94
4.7.2	Knowledge Resources	95
4.7.3	Economic Resources	96
4.7.4	Guiding and Controlling Instruments	97
4.7.5	Managerial Resources	99
5	Management During and After Mao	
5.1	Main Stages of Economic and Political Development of the People's Republic of China	103
5.1.1	Economic Rehabilitation (1949–1952)	104
5.1.2	Period of Socialist Transformation (1953–1956)	106
5.1.3	Period of Readjustment (1957–1965)	108
5.1.4	Cultural Revolution (1966–1976)	112
5.1.5	Reforms After Mao: The Giant Ship Turns	117
5.2	Management in Government	130
5.2.1	Problem of Centralization vs. Decentralization	130
5.2.2	Central Government	131
5.2.3	Regional and Local Governments	137
5.3	Management in the Communist Party of China	143
5.3.1	Significance of the CPC	143
5.3.2	Development of the Role of the CPC	144
5.3.3	Membership and Recruitment of the CPC	147
5.3.4	Managers of the CPC: the Cadres	154
5.3.5	Organizational Structure of the CPC	156
5.3.6	Fluctuations in the CPC's Power in Enterprise Management	166
5.4	Management of Agricultural Organizations	169
5.4.1	Land Reform	170
5.4.2	Team Farming	172
5.4.3	Producers' Cooperatives	172
5.4.4	People's Communes	175

- 5.4.5 The “Green Revolution” and Management of Agricultural Organizations . . . 184
- 5.4.6 Market Socialism and the Return of Cooperatives. 187
- 5.5 Management in Industry and Commerce Under Mao 191
 - 5.5.1 Socializing Industry 191
 - 5.5.2 Towards Handicraft Producers’ Cooperatives 193
 - 5.5.3 Socializing Trade 193
 - 5.5.4 Soviet Influence 194
 - 5.5.5 Development of Enterprise Management under Mao 196
 - 5.5.6 Participation in Chinese Enterprises Before the Cultural Revolution 206
 - 5.5.7 Cultural Revolution and the Management of Industrial Enterprises. 214
 - 5.5.8 Participation During the Cultural Revolution 221
 - 5.5.9 Use of Different Powers During the Cultural Revolution 225
- 5.6 Management of Industrial Enterprises After Mao 231
 - 5.6.1 Changing the Managers 231
 - 5.6.2 Reforms in Enterprise Management. 234
 - 5.6.3 Management of Human Resources 244
 - 5.6.4 Opening the Doors and Management 267
- 5.7 Summary and Conclusions 271

6 Chinese Management in Cross-National Context: Comparison with Europe and Japan

- 6.1 Purpose of the Analysis 277
- 6.2 Data and Method of Comparisons 277
- 6.3 Shift of Influence Structure After Mao 280
 - 6.3.1 Changes in Influence Coalitions After Mao 290
 - 6.3.2 Decision-Making in SEZ Enterprises 294
- 6.4 Comparison of Influence Structures Between China, Europe, and Japan 297
 - 6.4.1 Comparative Material 297
 - 6.4.2 Chinese Influence Structure Differs from Europe and Japan 298
 - 6.4.3 Comparison with Scandinavian Enterprises 309
 - 6.4.4 Influence Coalitions in Chinese and European Enterprises 310
- 6.5 Summary and Conclusions 315

7 Final Summary and Conclusions

- 7.1 Historical Developments of Chinese Management 319
 - 7.1.1 Heritage of the Emperors 319
 - 7.1.2 Period of the Republic: The Labor Pains of New China 321
 - 7.1.3 Management Under Mao 322
 - 7.1.4 Management After Mao 327
 - 7.1.5 Main Roots of Contemporary Chinese Management 330
- 7.2 Power Struggle of the Late 1980s 334
- 7.3 Prospects for Future Research 336

- Appendix. Concepts and Instruments of Analysis 339**
- Management and its Levels 339
- Methods of Management When Striving Towards Goals. 341
- Exchange, Power and Influence 342
- Instrumental Powers. 346

Co- and Counter-Influence	348
Overt and Covert Power	350
Unintended Consequences of Influence Processes	351
Summary	352
References	355
Abbreviations	363
List of Figures	364
List of Tables	367
Index	370