Chinese Business Process Re-engineering

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The popularity of business process re-engineering (BPR) and its international diffusion from the United States make it important to understand the influence of cultural factors on this concept. The global economic prominence of the Chinese and their distinctive cultural characteristics prompted our study of Chinese business process re-engineering. This article addresses a large gap in the Chinese management literature and is intended to help those who are managing organizations or marketing information technology (IT) products and related services in Greater China. We systematically compare IT-enabled change in the American and Chinese business cultures. Informal planning and process modelling, highly interdependent social and organizational relationships with ingrained hierarchies, and the prevailing attitudes towards information management and organizational change will shape the preparation for IT-enabled process innovation efforts as well as the design and implementation of IT-enhanced business process models in Chinese organizations. © 1998 Published by Elsevier Science Ltd. All rights reserved

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Introduction

Business process re-engineering (BPR) evolved from the experiences of a few US-based companies in the 1980s. They radically changed their work processes by applying modern information technology (IT). Reports of their dramatically improved performance[1–3] helped to make re-engineering *the* American management phenomenon of the early 1990s and prompted its international diffusion.

The recent academic and professional literature offers plenty of advice on how to re-engineer an organization as well as many accounts of BPR experiences. Significantly though, nearly all of these prescriptions and descriptions have come from North America or Western Europe. While most management principles can be widely applied, their value in a new context depends largely on its cultural characteristics.[4] Cultural values have a large influence on both the processes and products of a given management practice.

With the economic prominence of the ethnic Chinese *overseas*[5,6] and the increased interest and investment in the People's Republic of China (PRC), there is an emerging imperative to examine re-engineering with reference to the Chinese culture. In the past, most mainland state enterprises and Chinese family businesses had protected niches, cozy relationships, and *easy money* opportunities.

As market-based competition becomes more common across Greater China,[7] the managers of young ventures as well as established family businesses and state enterprises in Chinese societies will have alter their

ways of doing business. They, as well as those providing IT products and related services to them, will need to understand how the principles of business process re-engineering may apply by Chinese organizations.

We consider how specific aspects of the Chinese business culture will shape IT-enabled process change. Since the first wave of organizations in China have just started to introduce BPR-like changes, meaningful inferences from empirical studies (let alone definitive conclusions) are not yet possible. However, by integrating and interpreting knowledge from different literatures, we hope to shed light on this topic, and develop propositions that can be tested at a later time.

Intra-cultural variations within both Western and Chinese societies are significant, but they pale in comparison to the fundamental *inter*-cultural difference between West and East.[8–10] The distinctive philosophical, historical and economic influences on American and Chinese society and the American roots of re-engineering make it appropriate to examine Chinese business process re-engineering by systematically comparing it to that already undertaken by firms in the United States.

We first review the prescriptive and descriptive BPR literature and then outline the Confucian-based values and resulting *management systems* that prevail in Greater China. This enables us to develop specific propositions that compare re-engineering in the American and Chinese business contexts.

Re-engineering prescriptions and practice

Given the popularity of re-engineering and the articles that have been published in this journal,[11,12] we will not review its prescriptions and practices in detail. However, we will discuss briefly the underlying assumptions and key aspects of re-engineering in order to focus our subsequent consideration of this phenomenon in the Chinese business context.

Re-engineering has been defined and conceptualised in many different and often contradictory ways. Our working definition is the *radical* redesign of business processes enabled by IT to achieve *dramatic* improvements in key measures of performance. We use both the term *re-engineering* and the acronym *BPR* to denote what has been called the *new industrial engineering*,[13] *core process redesign*,[14] and (*radical*) *process innovation*.[15,16]

BPR focuses squarely on the *process*, a "set of logically related tasks performed to achieve a defined business outcome"[17] (p. 4). Organizations are considered in terms of horizontal processes rather than vertical functions. The use of re-engineering also assumes that drastic and discontinuous changes are both necessary and possible as a result of a performance crisis or a major environmental change. Hammer[18] stresses the importance of ignoring the *status quo* and adopting a clean slate to fundamentally change the way work gets done. Top management presents a compelling BPR vision and oversees its implementation, but the successful implementation of a new business model depends largely on empowered employees.

Davenport[19] views such (radical) process innovation as a synthesis of the process management approach, which has been commonly used in Japan for several decades, and the Western management focus on dramatic improvement. Building upon this perspective, incremental approaches, such as total quality management (TQM), may complement

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