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ORGANIZATIONAL CULTURE PRACTICES IN CHINESE STATE-OWNED ENTERPRISES: A SYSTEMATIC LITERATURE REVIEW

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Abstract

This study examines the dominant organizational culture practices that characterize Chinese state-owned enterprises (SOEs) by synthesizing existing scholarly literature through a qualitative, library-based research design. Using thematic analysis of peer-reviewed studies, the review identifies four interconnected cultural patterns, hierarchical authority, collectivist and relational norms, political–ideological influence, and constrained innovation, that collectively shape organizational behavior within SOEs. The findings show that hierarchy and bureaucracy provide structural stability but restrict flexibility and bottom-up involvement, while collectivism and *guanxi* reinforce group cohesion and trust yet encourage relational dependence over merit-based processes. Political ideology further embeds state priorities into organizational routines, shaping employee identification and managerial discretion. These practices together limit generative, employee-driven innovation, resulting instead in incremental, state-directed adaptation. The study contributes to a clearer conceptual understanding of SOE culture by mapping how these cultural elements interact as a coherent system, offering insights valuable for scholars and policymakers seeking to interpret organizational behavior and anticipate challenges in reforming China's state-owned sector

Keyword: Organizational culture, state-owned enterprises, china

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1 Introduction

Organizational culture is widely recognized as a fundamental factor shaping how institutions function, communicate, and pursue strategic objectives. It encompasses the shared values, norms, and behavioral expectations that guide employees' actions and influence organizational performance (Brenyah & Darko, 2017). Scholars consistently argue that a strong cultural foundation promotes coherence, enhances collaboration, and contributes to long-term organizational stability (Meyer & Peng, 2019). Such insights, however, have been derived primarily from studies in private-sector firms and Western business environments, leaving significant gaps in understanding how culture operates within state-owned enterprises (SOEs), particularly in China.

Chinese SOEs represent a distinctive organizational context due to their hybrid nature, simultaneously shaped by administrative traditions, political mandates, and ongoing economic reforms. These enterprises continue to reflect hierarchical governance, collective decision-making, and deeply embedded institutional norms that have historically defined China's state-led development model (Liu et al., 2017). Although market-oriented reforms have introduced modern managerial practices, SOEs still operate under unique cultural and structural conditions that differ substantially from those in private firms (Meyer & Peng, 2016). This divergence raises important questions about what specific cultural practices characterize Chinese SOEs and how these practices shape organizational behavior.

Despite increasing scholarly interest, research on organizational culture within Chinese SOEs remains fragmented. Much of the existing work highlights broad cultural dimensions, such as collectivism, leadership centralization, or political embeddedness, without providing a detailed mapping of the everyday practices through which these cultural elements are enacted (Zhu et al., 2020). As a result, there is limited consolidated knowledge on how organizational culture manifests in tasks, routines, leadership behaviors, communication patterns, and employee expectations inside SOEs. Such gaps are notable because cultural practices influence how employees interpret their roles, respond to authority, and align themselves with organizational goals (Book et al., 2019).

Moreover, as China undergoes rapid economic and technological transformation, SOEs are increasingly expected to modernize while maintaining institutional stability. Understanding their cultural practices is therefore essential for evaluating how these organizations adapt to change, manage workforce expectations, and sustain performance in a competitive environment. Without a clear understanding of these cultural mechanisms, improvement efforts risk overlooking deeply rooted organizational realities.

To address this gap, the present article conducts a literature-based exploration aimed at systematically mapping the organizational culture practices identified in Chinese SOEs. By synthesizing theoretical and empirical findings, the article provides a structured overview of the cultural patterns, leadership tendencies, value orientations, and institutional influences that define organizational culture in China's state-owned sector. This synthesis not only clarifies the cultural foundations of SOEs but also establishes a conceptual basis for future investigations into how these cultural practices relate to organizational behavior and performance.

2 Literature Review

2.1 Cultural Practices in China's State-Owned Enterprises

Organizational culture is commonly conceptualized as a system of shared values, beliefs, and norms that shapes how employees behave and interact within an organization. Brown et al. (2015) describe culture as a product of collective experience that forms the underlying assumptions guiding workplace conduct. Rather than functioning as a superficial climate, culture operates as a deeper, organizing mechanism that influences decision-making, communication, and interpersonal relationships (Evangeline & Ragavan, 2016). This understanding is particularly relevant in contexts where employee expectations and organizational practices are closely tied to institutional norms.

Existing scholarship highlights several recurring elements that constitute organizational culture, including shared values, leadership behavior, communication patterns, teamwork, and adaptability. Leadership plays a critical role in reinforcing cultural norms by modeling expected behaviors and shaping the symbolic actions that employees interpret as organizational priorities (Evangeline & Ragavan, 2016). Communication and teamwork further support cultural cohesion by enabling trust and collaboration among members (Paais & Pattiruhu, 2020). Meanwhile, adaptability has gained importance as organizations respond to technological developments and shifting market

conditions, reflecting the dynamic nature of cultural practices (Almerri, 2023). These components collectively illustrate how culture becomes embedded in organizational routines and employee experiences.

A strong organizational culture is also closely linked to positive organizational functioning. Studies show that when employees perceive cultural values as clear and supportive, they demonstrate higher levels of motivation, engagement, and organizational commitment (Isensee et al., 2020). Effective cultures foster communication, problem-solving, and innovation, allowing organizations to respond more effectively to internal and external challenges (Book et al., 2019). Conversely, poorly defined or misaligned cultures often lead to disengagement, conflict, and reduced performance.

Despite extensive global research on organizational culture, studies focusing on Chinese state-owned enterprises remain limited. Chinese SOEs operate within a distinctive institutional environment shaped by state oversight, hierarchical governance, and bureaucratic traditions (Liu et al., 2017). These institutional characteristics shape cultural expectations regarding leadership authority, communication flows, collectivist values, and role compliance. Nevertheless, most literature on organizational culture is grounded in Western or private-sector contexts (Zhu et al., 2020; Meyer & Peng, 2016), leaving unclear which specific cultural practices define organizational life inside Chinese SOEs. Existing research tends to reference broad cultural attributes such as hierarchy or collectivism, but rarely maps the concrete practices through which these attributes are enacted.

Given this gap, a systematic synthesis of organizational culture practices within Chinese SOEs is needed to clarify how cultural norms are experienced, reinforced, and operationalized in this unique setting. Such mapping is essential for understanding how SOEs maintain stability, coordinate employee behavior, and respond to economic reforms while operating within state-defined institutional boundaries. This literature review therefore establishes the conceptual foundation for identifying and organizing the cultural practices that characterize Chinese state-owned enterprises.

3 Methodology

This study is a library-based research design, aims to identify and synthesize organizational culture practices within Chinese state-owned enterprises (SOEs). Rather than collecting primary data, the study relied on secondary sources due to restricted access to SOE employees and organizational settings. Relevant literature was gathered from Scopus, ProQuest, and Google Scholar using keywords such as *organizational culture*, *China*, *state-owned enterprises*, and *workplace practices*. Peer-reviewed articles published between 2010 and 2025 were included, while non-academic sources and studies unrelated to the Chinese context were excluded.

The final body of literature was examined through thematic analysis to identify patterns related to cultural norms, leadership behaviors, communication styles, and structural characteristics in SOEs (Braun & Clarke, 2006). Themes were refined to map the cultural practices consistently observed across studies. Rigor was ensured through transparent documentation of search procedures, reliance on peer-reviewed materials, and adherence to APA citation standards. As the research used only secondary sources, no ethical approval was required.

4 Finding and Discussions

The literature indicates that organizational culture in Chinese state-owned enterprises (SOEs) is shaped by a set of deeply entrenched practices rooted in hierarchical structures, collectivist traditions, political ideology, and constrained approaches to innovation. These cultural patterns do not operate independently; instead, they form an interdependent system that both stabilizes organizational life and restricts adaptive capacity. This section synthesizes these cultural dynamics to illuminate how they collectively shape everyday behavior, managerial decision-making, and long-term organizational functioning in SOEs.

4.1 Hierarchical Authority and the Persistence of Bureaucratic Order

A dominant characteristic of SOEs is the enduring presence of hierarchical authority and bureaucratic routines. Across studies, hierarchy emerges not merely as a structural feature but as a cultural norm that shapes expectations, communication patterns, and employee-state relations. Daiser (2017) describes hierarchy as a culturally embedded orientation that employees internalize as synonymous with organizational stability. Within such systems, deference to authority is expected and rewarded, and decision-making authority is typically concentrated at senior levels.

McAuley (2022a) highlights the tension inherent in this arrangement: while bureaucratic systems provide consistency, they also impede reform. Employees accustomed to procedural clarity exhibit reluctance toward change initiatives that disrupt established routines. This resistance stems from a cultural preference for predictability and an avoidance of interpersonal or professional risk. As a result, reforms must navigate a deeply rooted cultural logic that privileges continuity over experimentation. Tang et al. (2017) reinforced this dynamic by showing that leadership values alone cannot overcome structural-cultural constraints. Even when leaders adopt more participatory or collaborative orientations, their efforts are mediated by institutional expectations that reinforce top-down control. Leadership in SOEs, therefore, functions within a cultural environment that values authority, stability, and compliance.

Liu (2018) provides evidence of the consequences of such structures, particularly regarding creativity and initiative. The hierarchical, rule-bound environment discourages employees from challenging established norms or proposing novel ideas. Innovation becomes an exception rather than a norm, as employees prefer to operate within well-defined boundaries that minimize uncertainty. Taken together, the literature portrays hierarchy as a cultural anchor: it sustains organizational order and political legitimacy but significantly constrains adaptability and bottom-up innovation.

4.2 Collectivism and Guanxi as the Social Logic of Organizational Life

A second defining feature of SOEs is the role of collectivism and guanxi in shaping interpersonal relationships and organizational cohesion. These cultural patterns reflect long-standing Chinese social values that emphasize harmony, interdependence, and relational networks. Zhu et al. (2016) emphasize that collectivism fosters strong group identity, encouraging cooperation and alignment with organizational goals. Employees tend to understand their roles within a shared framework that prioritizes collective success over individual advancement. This orientation reinforces social stability and builds cohesive work environments, particularly during times of organizational change.

Tang et al. (2017) showed that leaders with benevolent or self-transcending values often reinforce collectivist norms by emphasizing shared responsibility and workplace harmony. Even leaders who do not explicitly promote collectivism cannot fully escape its influence, as it is embedded in institutional expectations and broader societal values. Guanxi introduces a complementary but more complex relational dynamic. As Daiser (2017) explains, guanxi operates as an informal network of reciprocal obligations that often functions alongside, or even in place of, formal hierarchical mechanisms. In highly bureaucratic environments, guanxi can enable employees to navigate procedural rigidity by securing support, resources, or information that may not be readily accessible through official channels.

Liu (2018) notes, however, that this relational resource is ambivalent. While guanxi can enhance coordination and facilitate cross-department collaboration, it can also reproduce favoritism and inequality. Guanxi may speed up processes but undermine meritocratic decision-making. Thus, collectivism and guanxi collectively form the social

substrate of SOEs: they provide cohesion, flexibility, and interpersonal trust yet risk reinforcing dependence on relationships rather than formal structures.

4.3 Political Influence and Ideological Embeddedness

One of the most distinctive cultural features of SOEs is the integration of political authority and state ideology into organizational functioning. SOEs do not operate solely as economic entities but as instruments of national policy and ideological expression. McAuley (2022b) highlights that leadership appointments are often politically driven, which aligns organizational authority with state legitimacy. This political infusion shapes employee expectations: loyalty to the enterprise is intertwined with loyalty to national objectives. Daiser (2017) further illustrates how ideological narratives are internalized in daily routines. Messages around social harmony, national development, and collective responsibility become embedded in organizational discourse and practices. These ideological cues reinforce collectivist norms and hierarchical authority, strengthening compliance and discouraging dissent.

Zhu et al. (2016) find that employees often derive engagement from this ideological alignment. When organizational goals are framed as contributing to broader societal missions, employees perceive their work as meaningful beyond economic value. However, this ideological motivation can limit critical reflection, as questioning organizational decisions may be interpreted as challenging political objectives. Tang et al. (2017) reveal that leaders must operate within these ideological constraints. Even reform-oriented leaders must justify initiatives in terms acceptable to political authorities, which limits the scope for authentic cultural transformation. Overall, political-ideological influence functions as a binding force that stabilizes organizational culture but imposes narrow ideological boundaries around acceptable behavior and organizational change.

4.4 Innovation Constraints and Culturally Conditioned Adaptation

Although China has prioritized innovation as a national goal, the internal cultural environment of SOEs often constrains innovative capacity. Liu (2018) identifies structural inertia as a primary barrier: employees avoid risk, leadership discourages deviation, and decision-making processes are slow and hierarchical. Collectivist norms further complicate innovation. While collectivism enhances cooperation, it reduces individual willingness to propose unconventional ideas that might disrupt group harmony (Zhu et al., 2016). Thus, the pursuit of consensus limits creativity.

Tang et al. (2017) noted that leaders who attempt to promote innovation often face resistance from institutional culture. Innovation efforts succeed only when they align with established values or political directives. Guanxi introduces an interesting contradiction: it occasionally enables innovation by allowing employees to circumvent bureaucratic blockages, but it also restricts innovation to those with strong relational ties (Daiser, 2017; Liu, 2018). As a result, innovation becomes selective, controlled, and relationally mediated rather than widely encouraged.

In summary, innovation in SOEs is not absent but is highly conditioned by hierarchy, ideology, collectivism, and informal networks. Innovation tends to be top-down rather than bottom-up, adaptive rather than disruptive. The cultural practices of Chinese SOEs, hierarchy, collectivism, political ideology, and constrained innovation, form a coherent cultural system that privileges stability, compliance, and collective order. These practices reinforce each other: hierarchy supports political control, collectivism legitimizes hierarchy, guanxi softens bureaucratic rigidity, and ideology unifies organizational purpose. This interconnected system explains both the resilience of SOEs and their difficulty in adopting flexible, innovation-driven practices. Understanding these dynamics is essential for interpreting how SOEs function and why cultural change remains challenging..

5 Conclusion

This study shows that the organizational culture of Chinese state-owned enterprises (SOEs) is shaped by an interconnected system of hierarchical authority, collectivist values, political influence, and constrained approaches to innovation. These practices operate together as a coherent cultural logic that reinforces stability and alignment but limits flexibility and bottom-up initiative. Hierarchy and bureaucracy anchor daily operations, promoting predictability and order while discouraging experimentation and openness to change. Alongside this, collectivism and guanxi shape interpersonal relations by fostering group cohesion and trust, yet they also encourage reliance on relational networks that can weaken merit-based processes.

Political ideology further strengthens this cultural system by embedding national priorities and state expectations into organizational routines. Employees often identify their work with broader societal goals, enhancing loyalty and shared purpose but narrowing the space for critical reflection or alternative perspectives. Consequently, innovation emerges in controlled and incremental forms, shaped more by state directives and relational workarounds than by employee-driven creativity. Together, these findings illustrate that SOE culture is not easily altered because it is grounded in long-standing social norms, institutional arrangements, and political imperatives. Understanding this cultural architecture is essential for interpreting why organizational reforms in SOEs progress slowly and why structural changes can be ineffective without addressing cultural foundations. This study contributes by mapping these intertwined cultural dynamics and demonstrating how they define the identity and functioning of Chinese SOEs.

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Ethical Considerations

Not Applicable

Conflict of Interest

The Authors declare there is no conflict of interest.

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