

Cheng Siwei, one of China's leading management education scholars, says that the country's economic future depends on a flexible empowered workforce without organisational pyramids

Interview by **George Bickerstaffe**



PYRAMIDS IN CHINA



Professor Cheng Siwei is one of China's leading economic, financial and managerial scholars as well as a noted chemical engineer and expert in such esoteric areas as complexity science and the fictitious economy (See box on the following page).

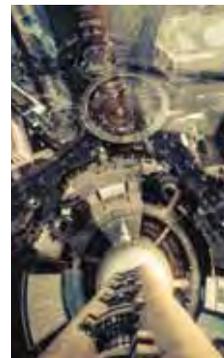
He is also the Dean of the Management School of the University of the Chinese Academy of Sciences, a relatively new business school that says it is committed to acquiring a deep understanding of China's economic development, theoretically and practically, and expanding its teaching and researching fields, while striving to be a first-class research-based management school for China with significant international influence.

Dean Cheng has played a significant role in the internationalisation of the school, driving a number of strategic alliances with business schools around the world. Chinese business schools, he says "need to be global".

Although he has spent most of his working career inside China, he is an inveterate traveller with wide international experience. A period spent studying in America proved to be particularly influential.

Following the turbulence of the Cultural Revolution in China (which ended around the mid-1970s), Professor Cheng left China for America to study at the Graduate School of Management at the University of California at Los Angeles (UCLA), gaining an MBA in 1983.

His return to China coincided with the "opening up" of the country that led to its great economic expansion. He became, and has remained, deeply involved in this change. He used complexity science (the study of complex systems and the interconnection of system components and systems architecture) to study economic reform in China and produced many proposals for change to China's top leaders in his then roles as Vice Chairman of the Standing Committee of the National People's Congress of China and Chairman of the Central Committee of the China National Democratic Construction Association.



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His experience in America made a deep impression on him and changed the direction of his career. Already a leading scientist and engineer in the chemical engineering field and a pioneer and leader in China's borax industry (borax is a mineral used in the manufacture of many detergents, cosmetics and enamel glazes), he now combined this with a passion for management education.

"I changed my mind," he says. "I wanted to change my career from engineering to management because I thought that would be much more important for China than science and technology."

In fact he subsequently combined both roles for many years but has thought deeply about the way Western approaches to management can be brought into play within a Chinese context.

"Thirty years ago Chinese business didn't know what an MBA was. Now everyone does. But, to speak frankly, management is not so highly respected in China," he says dryly.

"What I would like to do is integrate management philosophy in the West with the traditional Chinese philosophy of Confucius and also integrate modern Western theory with Chinese practice. This is what I want to do with our school. It's not so easy to do but I think we are moving towards it."

But that requires adaptation on both sides, he argues:

"Western management philosophy is different from the Chinese traditional approach. I think the Chinese philosophy is more centred on people. There are differences of culture and tradition between the two so China cannot just copy what the West does."

Similarly, he firmly believes that scientists and technicians need to be trained in management – "most of them do not have management skills," he says. Key areas where he believes they are particularly lacking in skills are leadership, human resource management, finance and strategy.

In terms of the overall needs of Chinese management at the present time, he believes that business schools in the country (including his own) should have two major directions: finance and entrepreneurship.

Even though Chinese people have a well-deserved reputation for highly developed entrepreneurial skills that dates back several centuries, Professor Cheng believes this still need developing, especially to include more emphasis on venture capital.



This is something of a personal crusade. He has been one of the main proponents of venture capital in China and has a high reputation in the field, often being described as the Father of Chinese Venture Capital.

But he also believes that management is both a science and an art.

"In my opinion management is a combination of science and art. There are some scientific principles behind management, which we have to learn and understand. But on the other hand, the practice of management comes more naturally."

And essentially, he says, management must relate to the cultural context and must release the creativity within people.

He argues that the most important thing for the future in China is that it needs management based on people and on the creativity of people.

How can we do this, he asks?

First, he says, we must realise that, economically, people are our most valuable asset. Second, we need to train people and raise their skills. ("There is no superior company without superior employees," he says.) Third, we must set up common values across an organisation so that every employee can share them.

"And last, let people have what I would call power

in their work. They must not just obey their boss. They must have flexibility. An organisation should not be like a pyramid."

When asked to sum up his views on the future of China and of its amazing growth and position on the world stage he answers very simply and in a way that is modern and youthful, belying his venerable age (he is 78) and experience.

"In a few words – management based on people. This is the future." **gf**



PROFESSOR CHENG SIWEI

Professor Cheng Siwei is the Dean of Management School, University of Chinese Academy of Sciences, and the Director of Chinese Academy of Sciences Research Center on Fictitious Economy and Data Science.

He served as the Vice Chairman of the Standing Committee of the National People's Congress, China, from 1998 to 2008. Professor Cheng studied at the South China Institute of Engineering in 1952-1954 and at the East China Institute of Chemical Engineering in 1954-1956. From 1956 to 1957, he served as a technician at the Shenyang Institute of Chemical Engineering and technician at the North China Designing Institute of the Ministry of Chemical Industry and the Tianjin Institute of Chemical Engineering between 1958 and 1973, a technician at the Institute of Petrochemical Engineering of the Ministry of Chemical Industry and an engineer of the Inorganic Chemicals Department of the Ministry of Chemical Industry between 1973 and 1981.

He also studied at the University of California at Los Angeles and received his MBA degree in 1983. He then served as a senior engineer and chief engineer of the Science and Technology Department of the Ministry of Chemical Industry from 1984 to 1988, vice president and chief engineer of the Central Research Institute of the Ministry of Chemical Industry from 1988 to 1993, deputy chief engineer of the Ministry of Chemical Industry from 1993 to 1994, and vice minister of the Ministry of Chemical Industry from 1994 to 1997; director of management science and engineering, National Natural Science Foundation of China from 1996 to 2004; chairman of the China National Democratic Construction Association Central Committees from 1997 to 2007; Dean of the Management School, the University of the Chinese Academy of Sciences since 2000. Chairman of International Finance Forum (IFF) since 2003, president of the Association of the Chinese Soft Science Research since 2000.

Professor Cheng has published more than 30 academic books in both Chinese and English and over 120 articles in prestigious academic journals. His academic thoughts and views haven had extensive influence on both academia and professions. For example, the notion he suggested – "Three Foundations, Three Levels, Three Areas" – has become an important strategy for the development of management sciences in China. He has also led and promoted the research and development of complex science, fictitious economy and venture capital investment, with profound impact on China and beyond.

Professor Cheng also served as the; president of Chinese Society for Management Modernization in 2006-2010 and as an academic advisor to the World Bank Institute in 1998-2001.