pany's strong vertical structure. The key to a solution is to articulate company goals common to all departments in the joint venture, get the departments talking to each other, and integrate their activities to meet those common goals.

When no one will decide anything

When foreign managers complain that they can't get anything done, what they really mean is that they can't figure out who's in charge – who's supposed to make the decisions. This is especially bothersome when it comes to decisions they've always been able to make. In one case, a foreign executive wanted to come up with a long-range product development plan for his venture but found that he simply could not form a task force, get recommendations, and produce a plan, as he could back home. Different departments wanted to devise plans on their own, then gradually reach a consensus with other departments from their respective positions.

Each department drew up its own list of test equipment and submitted its ideas to the other side for review, hoping for a consensus. But months went by, and none was reached. The executive tried to bring in a computer consultant but was told he needed to give the departments a choice; he found two possibilities, but the departments could not agree on who was the best candidate and delayed so long (three months) that both became unavailable and the project was left half-finished.

This slow progress toward consensus among people who consider themselves equals suggests to the executive that no one is really in charge. One decision may require agreement among the heads of several departments within the department-in-charge of the enterprise. If the decision requires higher approval, a consensus among several bureau heads and the head of the department-in-charge may be necessary. In addition, party discipline may require consensus building among government officials in different bureaus.

Most joint venture managers feel this lack of decision-making capability most strongly in their attempts at human resource management. One joint venture manager tried for four months to get someone to staff any of six new projects approved by the joint venture board; his efforts failed, even though the company had more than 1,000 surplus employees. When he tried to put through a plan, he found that various departments within the enterprise objected to it and came up with their own. Even though the projects – including an asset-accounting system, a review of the cost-accounting system, a revision of the bills of material and the order-entry system – were crucial to the smooth running of the operation, the bureaucratic structure was more important. And to complicate things further, several joint ventures have reported that managers won't make decisions because they're too scared. Being unqualified for their positions, they won't lead, follow, or get out of the way.

Many of the difficulties with decision-making authority stem from the way that the joint venture's board is structured. The board is a new entity in the Chinese system, whose role, function, and powers are not well defined in legislation and totally unrefined in practice. Although the board is the highest authority within the joint venture, the joint venture is subject to the laws of China, and those laws, of course, are administered by bureaucrats.

But the major problem is that because the board is new, all sides fall back on old alliances and leave the new system to founder. The Chinese and the MNC supply the chairman and vice chairman respectively; each partner is represented on the board in proportion to its share in the venture. Beyond that very clear delineation of power, however, lies a complex web of allegiances and authority. For example, the foreign partner can remove the general manager it appointed at will; thus the parent company strongly influences that person's positions and priorities. The Chinese deputy general manager and middle managers, for their part, are appointed by the joint venture's department-in-charge and respond to influences from that sector. Decisions will be difficult until their allegiance flows toward the joint venture and not toward outside forces.

Even if the joint venture board makes a decision, the bureaucracy often countermands it and the foreign partner may never know what's going on, much less why. One joint venture developed a comprehensive compensation system that increased top salaries threefold, introduced merit bonuses, and included a profit-sharing bonus that would have been paid directly to the workers, not into the joint venture's omnibus fund for general welfare. Two months after the plan was instituted, however, the joint venture's department-in-charge told the personnel manager that the wages were too high and that he must cut the bonuses. Management declined, and heated discussions ensued. While the municipal labor bureau sided with the joint venture in principle, it did not or could not force a solution. The case went to the labor ministry in Beijing, which, while agreeing with the joint venture's policy, did not overrule the bureaucracy.

The parties finally reached a compromise under which workers would no longer receive a bonus and the problem would be studied further. Although the operation has been going full blast for more