The Impact of Chinese Culture on performance management practices
in foreign firms operating in China

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Abstract

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For the past decades, China has been undergoing strong economic growth and social transformation in a way it has never experienced before. Against such significant movements in the country, managers of the foreign firms operating in China are increasingly faced with greater challenges of managing the local employees whose mindsets, beliefs, and values are embedded in the local culture that shows the country’s unique characteristics shaped by its historical development in various aspects.

Each nation state’s specific cultural environment inevitably creates the parameters within which the systems or practices espoused by a firm should be formulated and carried out in a fashion that they will not upset the stakeholders and, in particular, the local workforce as it comprises the human resources deployed to execute the firms’ strategies and performance plans. Therefore, it is important for foreign firms with presence in China to know whether and how any of the Chinese cultural characteristics may impose any impact on the way their performance management (“PM”) practices should be formulated to ensure that the local employees can perform according to the firms’ expectations and objectives.

The aim of this thesis is therefore to explore the knowledge that the author considers as useful for foreign firms to acquire so that they can better plan their PM strategy to
pursue more optimal business performance based on a better understanding of the cultural idiosyncrasies in China. The paper considers five research questions that explore the effect of Chinese culture on foreign firms in China. For this study, the author carried out a quantitative survey within nineteen foreign firms in China and a qualitative study of a MNC to assess those firms’ PM system and the response of Chinese employees as to whether there is any impact of Chinese culture on PM in foreign firms which are operating in China.
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different locations including China.

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1. Introduction

1.1 Purpose of the study

The purpose of this study is to explore the knowledge that the author views as increasingly important for foreign firms seeking entry or having gained entry into China in order that these firms can better plan their performance management ("PM") strategy to pursue more optimal business performance based on a better understanding of the cultural idiosyncrasies in China. This topic is considered to be useful and important to the foreign firms investing in China because the information to be discovered via a questionnaire survey; a qualitative interview involving a MNC; and discussed around the theoretical and empirical aspects will relate to the thinking and behaviours of the people as well as the working population in China. Such information will integrate the theoretical assumptions or suggestions with the research findings to discuss and explore their implications to the foreign firms when they evaluate the strategy and approach the firms should adopt in managing the performance of their staff and the business as a whole. Given that people’s thinking and behaviours may not always be manifested but may in fact be rather subtle even in day-to-day social interactions and that people’s response to external stimuli may differ according to individual personality, education background, and occupational practices, the author finds it appropriate to gather the information about culture as a basis to evaluate and study the response that the Chinese workers may have in common as a kind of societal norms and collective behaviours when being imposed upon with the rules or control frameworks laid down by any PM practices. To that end, this study aims to find out the potential impact of
Chinese culture on foreign firms’ decision in formulating their performance management practices for their business operations in China. By reviewing the performance management practices, there is an objective of analysing in greater details the extent to which the criteria and focus of the PM practices should be connected with the local culture in China in order for those practices to be effective.

Taking these together, this study carries the aims of finding whether the organisations with a different pattern of norms and attitudes due to their different national cultures or management styles can accommodate the Chinese cultural orientations which are generally seen to have features different or even divergent from those of the organisations coming from overseas. It will also aim to answer the question as to whether these organisations’ PM practices are contingent on the cultural orientations or values conceived by the local Chinese employees. Being conscious that there can be many other business and management priorities in business organisations, the study also bears the aim of figuring out whether a firm’s priorities in the other management disciplines such as leadership or management styles, human resource management (“HRM”) focus, and business models will navigate the directions of the PM practices. Furthermore, it is the purpose of this study to assess whether the consideration of Chinese culture is a significant factor or determinant of the effectiveness of the PM practices used in those firms. That is; is the congruence with the Chinese cultural value as well as orientations positively related to the effectiveness of the PM practices to guide the local employees to perform the expected performance standards? Finally, according to the outcomes of the survey and analysis, the author hopes to be able to propose any practices that are more amenable to
Chinese culture or recommend any considerations to make when foreign firms formulate their PM practices in order to optimize their company performance in China.

It is also worth mentioning at this point what kind of contributions that this study intends to make. In the academic field, this study is considered to be making an attempt to bring in a new piece of viewpoint on the relationship between PM and the culture in China from the theoretical perspective. According to Child (1991, 1994), Child and Marckoczy (1993), and Warner (1995), there is little research focusing specifically on PM in Multinational Corporations (“MNCs”) in China. Newton and Findlay (1996), upon their examination of HR researches on performance appraisal, also claim that the previous researches were too focused on the performance appraisal techniques with insufficient attention to outcomes and employee concerns. Along a similar stream of claim, Buchner (2008) comments that little research has uncovered and examined PM as experienced by the employees involved. Against the little research on PM in MNCs in China, this study’s survey scope covering as many as nineteen multinational firms in China may help add knowledge about MNCs’ PM systems being used in China. Besides, this study takes the survey approach such that questionnaire feedback should include those provided by the employees at different levels so that the responses relating to PM matters can involve the employees in general and reflect their opinions, thus addressing the claims that previous researches preclude the experiences or concerns of employees. On the practical side, by cross-referencing with the current practices that a MNC espouses for its group of companies operating in China, this study aims to provide to MNCs’ managers and human resources practitioners references to the practices prevailing in the
market for their evaluation of whether PM practices should accommodate the Chinese cultural orientations in order for the practices to be effective in leading people to perform.

1.2 Why do cultural differences pose problems

Doing business for foreign firms in a geographical location which differs in culture when compared to their home country is never an easy task because the uncertainties and ambiguities presented by the environment may not be visible or transparent to the foreign firms. However, as the door for access into the global markets becomes more open through the efforts of the World Trade Organisation (“WTO”) to facilitate multilateral trades thereby connecting countries from various corners on earth to do cross-border businesses, more and more business enterprises have increased their awareness of the importance of expanding their businesses and operations globally to enhance their economic interests. Adler and Doktor (1986) already concluded in their study of the United States industrial competitiveness that firms operating on a worldwide basis could have advantages over those that restrict themselves to a domestic market. Gooderham and Nordhaug (2003) have also found that many firms exploit the assets that are superior to those in many other countries by transferring such assets across national boundaries within their own organisations rather than by selling their right of use to foreign-based enterprises. Commenting on the increasing openness of the global market, Giddens and Hutton (2000) suggest that the open global economy is a precious acquisition offering opportunity, creativity and wealth. Along such view that inspires business organisations to seek entry into the global market to exploit their home-grown assets across
national boundaries to build their advantages through operating on a world-wide basis, ‘globalisation’ becomes an item to fall into the business agenda of many business enterprises. Since then, the concept of globalisation has linked up with the idea of increasing trades and geographical regimes for companies which have the capacity and capability of transporting their products, services, technologies, and people to other overseas countries for business operations. It can be anticipated that firms will seek to maximise the globalisation opportunities to expand their business footprints by utilising their organisational capabilities to gain competitive advantages even when operating in the overseas territories. As more and more companies extend their businesses and operations across the geographical boundaries to have a share of their stakes worldwide, globalisation has become a phenomenon that fascinates the business enterprises with potential opportunities of business growth. However, the opportunities do not come unaccompanied by other issues encompassing the social, political, technological, economic, and ultimately business administration and people management issues which may challenge the way the business enterprises’ current and perhaps consistent way of doing business in their domestic jurisdiction. Schraeder and Self (2003) argue that the failure for organisations to assess cultural compatibility or fit before they engage themselves in any overseas locations could cause negative effect to their performance. Lockett (1988) also sees national and organisational cultures as important factors in determining the shape of organisations as well as their performance and problems. According to Gooderham & Nordhaug (2003), the management challenge for many MNCs is to be able to adapt their organisations to culturally distinct environments without losing organisational consistency (p.130-131). They further argue that for foreign subsidiaries of MNCs to be integrated for knowledge sharing purposes, a
starting point is to get an understanding of the mindsets of subsidiary management and employees in terms of their work-related values. As noticed, those suggestions and arguments have unanimously pointed to the importance of evaluating both the external and internal implications of operating in overseas locations. Externally, evaluation of a firm’s cultural compatibility or fit to the environment enables the firm to get better prepared for the design of the performance-oriented policies and practices that fit the business strategies which may be shaped by the local institutional, political, and cultural parameters. Internally, study of the subsidiary employees’ mindsets to understand their work-related values will facilitate a firm’s choice of the HR policies and practices or even re-definition of the management priorities so as to determine the cross-border practices that should be strategically fit for the purpose of implementing effective subsidiary management towards results and performance. Therefore, cultural differences are apparently seen as a crucial factor that may impact MNCs’ performance and hence warrant the MNCs’ paramount attention in their PM practice formulation.

On the one hand, globalisation opens up wider spaces for companies to pursue activities that transcend various borders in an attempt to increase their profitability and business growth. On the other hand, globalisation exposes these companies’ employees, including those at the managerial levels, to the challenges of managing differences in various aspects such as business operating systems, communication technologies, management practices incorporating the local institutional requirements, and management styles showing due sensitivity to the local socio-cultural values. According to Waal (2007), cultural differences increasingly cause problems in doing business on a worldwide scale.
For firms intending to capitalise on the rise of globalisation to help them boost their business interests in China, the challenges they face in sustaining their ability to manage the national and hence cultural differences in both the business system and people management perspectives can be even more considerably significant. Indeed, there have been suggestions that cultural differences have the propensity to pose problems to firms seeking to run businesses in China. As Chen (2001) suggests, most firms operating in China are faced with the issue of the integration of Western and Eastern management styles and ways of doing business. Child (1994) also opines that it is not surprising to find that Chinese modes of management and organisation do not match Western patterns (p. 301).

In studying the differences in employer-employee relationship between the Chinese state and the Western state, Redding (1990) points out that the Chinese state is a group ‘constructed of morally binding relationships connecting all’ whereas the Western state is ‘an abstraction, a universal or absolute idea’ (p.44). Those suggestions show that there exists a considerable degree of differences in the social and cultural aspects between the West and China resulting in different ways of thinking and doing things. Examining those differences in the organisational context, there have been noticeable problems identified as well. Redding (1982) commented that the influence of Chinese cultural values on managerial practices is so significant that it has created the distinguishing characteristics of the Chinese managerial system. Hansen (2003) also argued that culture can create a sense of solidarity in both a territorial and spiritual sense while members of a given culture tend to see themselves as separate and unique.

Those comments confirming Chinese culture’s uniqueness and distinction from the Western culture can be evidenced by the late Chinese party leader Deng Xiao Ping’s suggestion made in 1984 that China meant to build socialism with
‘Chinese characteristics’. Disregard its belief in socialism and launch of the reforms to change the country’s management system from one based on a command economy to one becoming more market driven, the ‘Chinese characteristics’ persist within the country as a socio-cultural unity rather than retreat while the ideological beliefs and values continue to follow the socialism parallel with the pursuit of economic development or transformation. Therefore, the uniqueness of the Chinese managerial system embedded in its cultural values and held up by the sense of unity creates greater barriers for harmonisation of any management practices of Western character. One example of the difference in cultural values between the Chinese and the Westerners is that the Confucian values deeply rooted in China attach high importance to hierarchical relationships such that the respect for hierarchy that in turn leads to respect for seniority and age means that the senior-ranking persons should receive more respect and even favours. However, for the Westerners, their respect to the others is, more often than not, built on their perception of the meritocracy of the tangible values or results that the others can demonstrate or achieve. Also, Ralston et al (1996) concluded in his study of cultures across the coastal regions and different cities in China that the Chinese managers may be reluctant to forsake long held Confucian values such as collectivism. Given the differences in culture and life experiences between Chinese and Western managers, significant differences in the cognitive constructs used by these managers for managing people as well as their performance can therefore be expected. As such, companies going on a globalisation expedition have to be able to manage the variations in management practices and employee behaviours stemming from the cultural differences, especially in China where the myths about its ideological thinking, political stance, and cultural orientations may have probably been
blurred against its economic reforms and modernisation influenced by the Western economic and management systems within the WTO framework. Therefore, the author tends to view cultural differences as one of the problems that foreign firms operating in China may encounter when they formulate their people management strategies or practices.

1.3 Significance and background of the study

Owing to the diversity of the beliefs in social values as well as debates on what works well or what goes wrong in the eyes between the employees from the home country and those from the host country or third country, MNCs are desperate about identifying the management practices, such as HRM practices and PM practices, that can function like a double-edged sword featuring alignment to the needs of both the parent company and the subsidiary companies. Despite the seemingly rational expectation that management practices of firms operating in a host country should be adjusted to accommodate the cultural differences, there has been a tendency to simply apply or export the western management philosophy and practices for use in the countries away from home. While certain practices may be preferable in a given culture, the desire for internal consistency for centralised control or standardisation for management effectiveness may lead to a single set of practices being used everywhere. For example, some companies with overseas operations continue to use management practices from their home countries instead of adopting the practices prevailing in the respective host countries. A key implication of such a tendency is that multinational firms lack the awareness of the fact that people interacting in organisational settings are increasingly likely to have diverse cultural
backgrounds and that the approach of introducing ‘one-size-fits-all’ management practices may bring about company performance failure out of the pitfall of cultural conflicts and hence denial by some groups of employees against the performance criteria and appraisal processes to which those employees may find repulsive. For firms of which the business continues to expand around the globe thus making PM one of their priorities to fulfill the objectives of their international expansion, the use of PM practices that disregard cultural considerations should be a question that needs more in-depth study.

While the tendency for firms to use their home-country practices seems to make sense from the perspective of meeting the purposes of establishing internal equity through policy consistency across different geographical locations or attaining cost efficiency or synergy by replicating any practices or systems that have been developed, tested, and accepted in the home country especially in terms of the effect of fulfilling the corporate values and business goals, the truth is that cultural differences are very often diffusing into multinational firms to breed as a discrete set of problematic issues. As cultural differences are typically confounded by the subjectivity embedded in the value-based interpretations of the realities and may therefore trigger variances or arguments in terms of the choice of policies and practices to be espoused in a specific societal environment, they may have the likelihood of influencing or competing with the economic-rational decisions that generally favour consistency or synergy and yet may sometimes waver around flexibility or differentiation when the country-specific contextual factors warrant so.

As such, multinational firms should look at not only how their management
practices can contribute to company performance, but they should also try to figure out how culture may impact the design and implementation of the PM practices in order for their overseas offices to fulfill their performance targets. However, as mentioned at the beginning of this chapter, there is relatively little literature about PM in the MNCs in China. Foreign firms in China therefore are likely to encounter a lot of issues resulted from the limited understanding of the relationship between these firms’ PM practices and China’s societal environments including culture that may affect the adequacy and effectiveness of the practices employed to shape company performance. As Wimer (2002) suggests, the cross-cultural management issues of foreign ventures, especially for corporations with headquarters in Western countries, are very complex. Besides, the mixture of employees’ diverse cultural backgrounds may aggravate the differences in the internal factors at the same time. Adler (1986) posits that ‘cultural shock’ can be evoked as a result of an individual being on a 'foreign' culture territory. Therefore, for managerial employees being sent to work in China from a foreign country, they are likely to be more or less influenced by the Chinese culture and social norms in terms of the way they interact with or supervise the local workers. As such, it is important for foreign firms in China to be able to map out a set of PM practices that are amenable to the local culture while agreeable to the firms’ culture and performance requirements. Where culture apparently appears to be one factor to be considered in the search for an effective set of practices to elicit the expected performance by employees, the fact that performance requirements need to be aligned with business strategies; properly linked with the reward strategy formulated along the HR principles; and faithfully owned by managers within the company’s management models may imply that business strategies, HR practices, and management practices of the company might as well have an impact
on the design and implementation of the PM practices to address both cultural and other competing issues such as business modus operandi, policy harmonization or standardization, corporate ethos, and ultimately shareholder values and concerns over company performance vis-à-vis corporate identity across the globe.

To find out whether and how the above-mentioned factors are intertwined with one another to support and influence the adoption of the PM practices for foreign firms operating in China, this research carries the goal of obtaining important information that might lead to identification of better management propositions in a cross-cultural dimension for the MNCs. After considering the impact of local culture on PM practices, the effectiveness of the practices needs to be assessed. To do so, the identification of other possible factors contributing to a company’s performance is necessary as a review of those factors should facilitate further evaluation of whether the alignment of local culture tops the ingredients of making the PM practices successful in a cross-cultural environment or whether the other factors form part of the important considerations in framing the PM practices. Even where there is any sign that the multinational firms studied are accommodating the local cultural orientations, the way and the extent to which such accommodation is effected may differ according to the overall directions of the company in terms of business strategies, HRM practices, and management practices. In many cases, the degree of such accommodation may be guided by or contingent on the compatibility of the culture of the firm’s home country with that of China and/or the flexibility of the firm’s overall strategies in business or HRM.

As Chinese culture has a strong root in the country’s history and ideology, the
unique systems in the social, political, economic, and institutional domains are more distinct and pronounced when compared with those in the Western countries. Such system distinctiveness as compared to that in the West has long caused considerable barriers to foreign firms’ efforts to gain knowledge sufficient enough for them to mould a kind of business intelligence needed to create competitive advantages. Given such barriers to gaining knowledge well enough to build the business intelligence needed, foreign firms entering into China may start asking the question as to whether making any adjustment in their management practices in China will really and effectively contribute to smooth people management in line with the local cultural orientations and successful business performance in conformity to the local institutions. This question spells out a natural and rational concern by foreign firms with business interests in China and is undoubtedly important for these firms if they wish to formulate the right business strategies and management practices to strengthen their performance there. One of the ways to find the information these firms need to support their strategy and practice design is to do a research which will identify: (1) the level of people’s adherence to the kind of behaviours and practices that have been theorised in previous research as reflecting the local culture; (2) to what extent the culture impacts the foreign firms’ decision in formulating their strategies and practices, including PM practices; (3) whether the local employees in the foreign firms consider any of their firms’ management practices as being compatible to the practices that they perceive to be reflective of the Chinese cultural values or the local market norms; and (4) what the employees’ evaluation is on the effectiveness of those practices. By analysing the outcomes based on the survey feedback data, this study will serve the function of contributing to the building of the knowledge that incorporates the stock of information relating to the four points listed as the
foregoing that is considered desirable for supporting foreign firms to better plan and determine their PM practices in China.

1.4 Research Decisions

1.4.1 Research topic

The author would like to use a little space in this section to tell the readers of this thesis that the topic being studied in this research is not the original one that was first planned and pursued. In fact, there were plenty of pains that the author had gone through before coming to land on this track of research and the story starts with the unfortunate choice of the target companies in 2005 and 2007 respectively and the author’s regrettable job moves in November 2007 and March 2008. The first research was about the effectiveness of the training programmes of one of the disciplinary services of the Hong Kong Government (the “Services”). Despite the fact that substantial time and efforts had been spent between early 2005 and mid 2007 on the planning, preparation of the detailed proposal and the set of research questionnaires as well as the data collection process, and even reading of a large amount of literatures along the wish of doing a good piece of thesis, the Services returned with a disappointing reply after their slow-moving processing and review of the research proposal that they would not participate in the research. Immediately following this belated reply leading to the abortion of a thesis attempt which had lasted more than one and a half year’s time, the author had solicited support from a MNC (the “Research MNC”) with presence in Hong Kong for a research to study their HRM effectiveness in managing changes. The thesis writing went on smoothly
at the beginning and the author had successfully managed to interview a group of the company’s managers before the actual writing could start. Unfortunately, the author made a job move in late 2007 only to find that the workload dried up his energies with lots of work that kept him working during weekends. After suspending the course between 2008 and 2009 due to the said workload issue, the author intended to resume writing the thesis as he moved to another employer in 2010. However, the new employer being a business competitor of the Research MNC and coincidently engaged in an acrimonious lawsuit at that point in time had forced the author to stop continuing data collection due to the potential conflicts of interest. Regrettably, the author had eventually decided to abort his research attempt for the second time. Against the mishap of making two research abortions and the disadvantage of having lost five years, from 2005 to 2010, the author has come to the current track of writing by doing a research of which the choice is a result of unfortunate and unpleasant experiences as stated above.

Disregard the project type being not my first choice, I still regard this thesis topic about the relationship between Chinese Culture and Performance Management extremely important for HR because PM is a tool for companies to track and guide their performance to achieve success. The topic’s link with China is also thought to have the potential contributions to widening the knowledge about the aspects of people management as well as business performance in a country which has become an economic superpower in the world and is therefore attracting a lot more robust investments from a considerable number of foreign firms across the globe. Given that this study will be rewarding career-wise for the author who is an HR practitioner having
accountability for China HR management by profession and will be contributing to broadening the scope of knowledge in the field of PM, the decision to pursue this research has been made against all odds, including the anticipated difficulty in getting connections with the target respondents for data collection.

1.4.2 Research Strategy

While the research topic has been determined, the strategy to conduct such a research has posed a challenge to the author. Given that the purpose of this research is to obtain a better understanding of culture which is characterised by a relatively high combination of subtlety and subjectivity and hence different interpretations of the social realities, the focus of the research should be on explaining the social phenomenon from multiple points of views that may require value-laden interpretations to turn any unclear or abstract data or feedback into a more meaningful projection of the logic behind the act or thinking reflected in any of those data and feedback. According to Mariampolski (2001), ‘qualitative research seeks the meanings and motivations behind behaviour as well as a thorough account of behavioural facts and implications via a researcher’s encounter with people’s own actions, words and ideas’ (p. 7). Where a research aims to explain the interrelationship between such factors as subtle as culture and as complicated as performance management like what this study is focusing on, qualitative method appears to be a right choice as it permits the researchers to ‘ask the questions of how and why to discover and account for the knowledge’ (CLMS,
M1, U2). Being conscious that qualitative research should work better for this study as explained above, the author had yet to address two major concerns in his final choice of the research method. The first concern was about the time left for completing the thesis and the other was about the accessibility to the potential survey participants in China.

In his first concern about the time left for completing the thesis, the author had to choose between the qualitative approach and a quantitative one. Pressed by the time constraints to complete the thesis from scratch in just about one and a half year’s time, the author found it almost impossible to engage in a qualitative research as a huge amount of time would be expected to be spent in the author’s introductory meetings and discussions with the potential research target companies to seek their permission to conduct interviews in their premises for the study. A great deal of time would also have to be spent in travelling to China to do the data-collection interviews and where necessary any follow-up interviews for clarification purpose if needed. What could worry the author the most was that, as a full-time worker, he would not have the luck of being granted time-off that should be frequent enough for the travel and interviews needed. In order to catch up with the lost time and, above all, fearing that the previous mishap of aborted qualitative research might repeat again, the author believed that the only viable solution would be to engage in a quantitative survey which obviously was not his initial intention or his best preference. At this point, the author had made a review and assessment of why quantitative survey works best in his situation. Reichardt and Rallis (1994) argue that the pragmatic approach of using qualitative and quantitative
approaches side by side is feasible because ‘the fundamental values of current quantitative and qualitative researchers are actually highly compatible’ (p. 85). In discussing a pragmatic approach around the qualitative/quantitative debate, Robson (2004) has referred to other researchers’ advocate to use whatever philosophical or methodological approach that is considered to work best for a particular research problem at issue. Robson also suggests that quantitative survey using questionnaires can be extremely efficient at providing large amounts of data in a short period of time. Along that line of sight concerning pragmatism and against the compelling need to complete the thesis in a shortened time-scale, the author concluded that doing a quantitative survey in the first place while reserving the contingency of qualitative review at a later stage as and when necessary should be the feasible approach to address the first concern.

In his second concern relating to the accessibility to the potential survey participants in China, the author had to seek assistance from a reliable source in China in order to assure his ability to identify and connect with as many foreign firms in China as possible. Indeed, gaining access to the foreign firms in China and soliciting trust from the survey respondents therein are usually difficult especially as the author has limited connections there and is physically residing outside of China. Fortunate enough, the author’s past experience of working in a foreign bank with a business operation in China has enabled him to appoint a former colleague, who is a local Chinese based in Guangzhou and has numerous networks with the human resources practitioners working in various foreign companies across China, to act as his research survey informer to support in such work as identifying the survey
participating firms, distributing the questionnaires, and collecting the data from the survey respondents. Eventually, the research has received support and response from a total of nineteen companies spreading across three major cities and involving the companies from various countries including America, Britain, Canada, Finland, Germany, Italy, and Hong Kong.

1.4.3 Emergency in modifying the research strategy

During the survey and analysis process, the author however found some questionable responses and data. One example of the issues encountered was that there were numerous responses suggesting that many foreign firms’ PM culture was compatible to the Chinese culture. Feeling uncomfortable with the purported compatibility between Chinese and Western cultures, the author found it appropriate, after discussion with his research supervisor, to use more than one research method by involving a MNC which has tested experiences in operating in China to participate in a qualitative interview so as to draw additional data from them to study the cause or logic of the cultural compatibility saga.

Accordingly, Jardine Matheson Limited (the “Jardines”) has been invited to participate in this research just as a respondent to provide a qualitative-data overlap in the survey results with the aim of enhancing validity and confidence in assessing the survey findings through an interview which permits probing to clarify matters and obtain relevant responses. By collecting empirical data or evidences through an interview with the Jardines, the author aims to provide an alternative to help verify or even establish the accuracy or logic of any data
that might otherwise be regarded as questionable when being assessed against certain theoretical assumptions or in isolation. Such an alternative is considered valid because the Jardines is an Asian-based conglomerate with significant presence and a long history in China. The Jardines was formed in Canton in 1832 by Scots William Jardine and James Matheson. It had a large stake of businesses in China ever since then as it set up the first railroad in China in 1876 from Shanghai to Woosung and had a lot of interests including wharves, warehouses, cotton mills, mining, engineering, etc. Such a long history of the Jardines’ links with China shows that the company has a strong relationship with China and therefore knows the country well enough to provide experience-based feedback as well as data to help review the meaning of the quantitative survey findings. Apart from being a MNC with a long historical relationship with China and a broad portfolio of market-leading businesses, Jardines is also well known for its relentless development of sophisticated strategic HRM programmes which emphasise people development and performance aspirations, best modelled by the Pride in Performance Awards which are established to reward outstanding performances that embody the corporate values.

By collecting the information about Jardines, the author also aims to give this study higher value of readership due to the insights that Jardines’ management practices may add to the findings concluded from the quantitative survey. In addition to the interview collecting information from Jardines’ Group Head of Human Resource, Dr. Ritchie Bent, pertinent to their group of companies’ management practices in China, there will also be an interview with a young employee of Chinese nationality who is visiting Jardines’ Hong Kong office.
The purpose of this interview is to examine what the general Chinese employees’ mindsets are like; whether there could be mindset changes taking place among the younger generations in China; and where there should be changes how the young workers in China perceive their foreign employers’ performance practices. As Berg (1995) suggests, qualitative data can help to elaborate on the meaning of statistical findings and add depth and detail to them when combined with quantitative data. Rossman & Wilson (1994) also opine that quantitative and qualitative methods can complement one another in many ways, including corroboration and elaboration. Using the qualitative review involving a sizeable MNC and a Chinese employee with exposures to foreign company’s management environments, the empirical experience-based information obtained through the above-stated qualitative interviews is expected to be able to verify any gaps between the survey findings and the theoretical propositions using the examples and explanations of the everyday life and situations to explain what the broader society’s phenomena are like.
2. Building A Diversity of Viewpoints

2.1 Introduction

This chapter aims to review and summarise the most relevant literatures presented in other publications of reading or previous research made by other academics or scholars in order to facilitate discussion of the theories, models, or thoughts in respect of cultures, HRM practices, PM, and business strategies, which may provide the conceptual contexts needed to support building of arguments or propositions in respect of the impact of culture on the formulation of PM used by foreign firms operating in China. Apart from making overview and references to the theories, models and thoughts in the relevant disciplines, this chapter also aims to provide the basis for subsequent analyses, discussions, and conclusions that may come out with new insights in the field of studies in culture and PM. Where applicable, the basis of discussion may be used to explore the opportunity of identifying as to whether there are any theoretical gaps, knowledge gaps, or empirical gaps with the findings to be studied in this research and building a diversity of viewpoints to make the study enriched with more inspiring perspectives.

2.2 Cross cultural management

As the economy grows and companies begin to look for business expansion opportunities, globalization sets in as one of the strategies as well as vehicles for companies to achieve their goals. Chomsky (1999) has noted that globalization is the growing integration of the world’s economies whereby large
corporations are permitted to control as much as possible the natural resources and social life in order to maximize profits. However, the preparation work for these corporations to do before they can increase their footprints in other locations across the globe is to learn how to make their physical presence in those locations fit for the purpose and hence rewarding and successful. To be fit for the purpose, the corporations’ hardware such as technology, products and services definitely has a paramount role to play as it generates businesses which are vital to the corporations’ survival and growth. Yet, it is the software which embodies the MNCs’ identity and values that will connect them to the stakeholders such as the customers externally who are keen to see the MNCs providing the kind of products and services that should really mean perceptible values to them and the employees internally who are more engaged only if the MNCs’ management policies and practices reflect appropriate respect to the employees as individuals and provide them the right operating tools and performance guidance to maximize their capabilities to carry out their duties and responsibilities. MNCs which can build the right software that should be underlined by a full understanding to the stakeholders’ needs and concerns are likely to be able to assure themselves of a greater chance of success in boosting customer satisfaction through recognising the differences in terms of the needs of customers across different nations; and in enabling employees’ performance by formulating the PM practices that incorporate the processes and contents that permit the employees to attain a shared understanding of the organisational objectives and performance goals and feel comfortable to work towards those goals.

When companies go globalized, they will unavoidably employ workforces that
are diverse by their national or ethnic origins and the consequence is that they will need to manage a culturally diverse workforce. Albrecht (2001) proposes that for organisations to have effective inter-cultural performance they should get their employees to make provisions for the foreign deployment process, overseas adjustment and culture shock. Similarly, Dong and Liu (2010) hold the view that PM perceptions depend on cultural perceptions with regard to ‘behaviour, team composition and team dynamics’ (p.223). They further emphasize the impact of cultural perceptions by referring culture as acting as an ‘external source of influence’ (p.224) and conclude that the management practices need to fit in the big picture of what is amenable to the wider multi-cultural teams. The author holds the view that the phenomena of ‘overseas adjustment’ and ‘cultural shock’ mentioned by Albrecht are to a large extent intertwined because corrective ‘adjustment’ may prepare the employees for the ‘shock’ and help alleviate the employees’ influence by the shock from the outset or even orientate them into recovering from the shock in the end. Bearing the cultural sensitivity in mind, organisations that are proactive enough to shape their management practices to fit in the big picture that is susceptible to the ‘external source of influence’ described by Dong and Liu should therefore be in a better position to prepare themselves for globalisation. As such, a culturally diverse workforce calls forth the need to review the formulation of PM measures in order that the workforce behaviour can be shaped to fit in the expectations and standards set according to the management philosophy as well as the corporate core values.
2.3 Culture

Indeed, cultural diversity seems to be a term that has been pegged with workforce management for global firms in recent years. To some extent, some organisations even identify cultural diversity as a symbol of their capability to expand across the globe and/or put cultural sensitivity as a competence that their managerial employees need to demonstrate in their day-to-day business interactions. However, is ‘culture’ really that easy to be understood or mastered as a kind of skills one can possess to manage the issues of sensitivity to people’s value-based judgement and diversity of people’s cognitive thinking process? The author would argue that culture can be unfathomable and beyond the reach of one’s knowledge about it in terms of how it is developed; where it resides and breeds as a power to influence people’s minds and behaviours; and to what extent such an influence can shape the societal, organisational, and individual characters.

According to Ott (1989), ‘culture’ is an abstract concept as it can be created in people’s minds and can as well be defined and refined. Sackmann (1989) has also pointed out that culture is a word with different meanings analysed for different purposes. Apart from the multiple definitions in different literatures, the concept has also been the subject of interest for various disciplines such as social science, anthropology, sociology, and psychology. Its extensive presence in various spaces as a sort of multi-faceted concept being used interchangeably in probably inter-related topics and yet of different nature may as well cause confusion. Despite the plethora of definitions and for the purpose of this study which deals with the management of the performance of employees as
individuals in organisational settings and in a social structure featuring distinctive ideologies and characteristics like China, the author finds it relevant to view culture from three levels, namely; national, organisational, and individual. At the national level, it is concerned with the institutions, norms, roles, and values as they exist outside the individual (Dorfman and Howell, 1988). Olie (1995) argues that a particular nation’s culture develops over time and is partly the product of that nation’s history, its demographic and economic development, its geography, and its ecological environment. At the organisational level, culture is what a group learns over a period of time as that group solves its problems of survival in an external environment and its problems of internal integration (Schein, 1990). It is a product of ‘the collective programming of the mind’ (Hofstede, 1991), i.e., it is acquired through regular interactions among members of a group. At the individual level, culture shows how much an individual takes from the different cultures that the individual is part of (Dorfman and Howell, 1988; Karahanna et al., 2005). Taking a similar view, Triandis (1972) argues that by analysing the behaviour of an individual of a society would not provide a specific identification of the rules, roles, norms and values of that society but rather indicates the perception of that individual of the shared cultures one belongs to.

As noted from the above array of views ranging from a micro to a macro perspective, the different levels of the development of culture as a product of societal development, group learning, and personal perception of the way things are evolved, regarded, or are done in an environment may embrace different meanings and values for different individuals in that environment. The differences in the meanings are interpreted and values are regarded may pose
potential risk which however may not be easily observable or explicitly presented in an individual’s behaviours or a society’s artifactual phenomena. If one understands the underlying assumptions behind the individuals’ behaviours or the societal practices, it should become easier for any interactions, communications, or expectations to be well received by the parties one is dealing with, who in this case are the employees in China.

Against the trend of globalization which brings the MNCs to tread on the soil of numerous lands around the world, it is important for those corporations to acquire the knowledge of cultures for their understanding of ways to manage their workforces and business in other geographical locations. Understanding other countries’ cultures is important because it may help clarify certain ambiguities or uncertainties in the context of people’s perceived values and market’s customary practices so that the foreign firms can make better decision based on the value-laden judgement to deal with the stakeholders ranging from the general public in the wider community to the employees within the organisation itself. According to the Iceberg Model of culture developed by Hall (1976), culture is said to be like an iceberg where there are some aspects visible, above the water, and a large portion hidden beneath the surface. The external part of culture is what we can see and the internal part is below the surface of a society and includes some beliefs and the values and thought patterns that underlie behaviour. Building on this iceberg analogy, Hofstede et al (2010) suggest that ignoring the hidden part that reflects a society’s norms, beliefs, assumptions, perceptions, values, and expectations can mean cross-cultural clashes for mergers, acquisitions, alliances, joint ventures, or any transactions across national borders. In this sense, culture therefore constitutes
a very useful source of information that helps guide the foreign firms to map out their business strategies and management practices. To understand more about the contexts in which national culture and corporate culture influence the organisations in their formulation of strategies and adoption of practices, a review of the definitions and implications is taken in the following relevant sections.

2.4 National Culture

There are numerous definitions proposed by a great many scholars in respect of national culture. Biggs and Moore (1993) define culture as ‘the sum total of ways of living built up by a group of human beings which is transmitted from one generation to another’ (p.24). This definition highlights the heritage of a set of ways of living experienced by people in the past years and passed down to the next generations. This may perhaps explain why there are certain types of practices which are followed by the community group by way of rites, customs and traditions. However, the author does not see this definition as providing more clues as to how the ways of living developed in the past create barriers for people to change their living ways or styles except that the practices nurtured over time may have caused people to develop a habit. In the definition by Geertz (1973) which sees culture as ‘the fabrics of meaning with which human beings interpret their experience and guide their actions’ (p.42) and which refers culture as ‘not just a matter of overt behaviour but also the (social) rules, beliefs, attitudes and values that govern how people act and how they define themselves’, the author finds more relevance to the concept that demonstrates why culture can stay deeply rooted in what people do in their
day-to-day businesses. The fact that there are beliefs, attitudes and values behind the overt behaviour reflects by and large that people’s minds and souls are rooted in a set of meanings and even truths about life to the extent that people’s tendencies or preferences are guided by a force which has a stronghold deep into the centre of a person’s self-conception.

In many other definitions by scholars, it is not uncommon to see culture being compared to or closely linked with a substance embodying values; beliefs; anything that goes into people’s minds that influence behaviours; or anything that has a stronghold of perception about what works well and what does not. Earley’s (1997) defines culture as specific set of beliefs and values that are shared by individuals having a common geographic and resource base. This definition throws a bit more light on the characteristics of culture such that the beliefs and values are ‘shared by individuals’ having their geographic and resource base in common. This already indicates that people of the same place of origin think and act along a similar or even the same line of thoughts when interpreting the realities. Trompenaars (1993: 3) holds the view that ‘… the essence of culture is not what is visible on the surface. It is the shared ways groups of people understand and interpret the world.’ (CLMS, M2FU1-11). In the definition proposed by Kluckholn & Strodbeck (1961), the role that a country plays in shaping its citizens’ inner sense of the spatial and temporal realities is magnified in a similar manner by suggesting that some basic cultural values are diverse in different nations in terms of ‘the nature of human being, the nature of human relations, activities, time and space’. Based on these definitions, the author would argue that national culture influences people’s minds on strengths of the beliefs and values that are bred in the country they
live in and diffused across the territory through various channels such as family and societal education, social practices, media exposures, or personal encounters, etc. Those influential experiences should last long due to the closeness of the things seen and done by the people around one another. Also, the likely repetition of the experiences over time and within the boundary of where one lives in will reinforce the foundation of the indigenous cultural values being embedded into people’s perceptions and conceptions with which they interpret the social realities. As cultural values differ between countries, the author would envisage that people’s reactions to any acts, deeds, or concepts which show any divergent perspectives or values can be filled with a continuum of stimuli ranging from confusion or denial at best to anger or hostility at worst.

There have been many studies conducted to identify different dimensions of cultural values and perhaps the best known is the one done by Hofstede. In 1980, Hofstede conducted a study of IBM in 40 countries around the world and found empirical evidence of cultural differences that could be categorized along four dimensions, namely; power distance, uncertainty avoidance, individualism/collectivism, and masculinity/femininity. He later expanded the dimensions to include long-short term orientation. (CLMS, M2FU1, 12-13). Power distance index refers to the degree of inequality between individuals that is accepted and expected as the norm for the society. That is; whether people expect and accept power relations that are democratic or autocratic and whether people see each other as being equal regardless of their social status. Uncertainty avoidance index reflects the level of threat which uncertainty and ambiguity felt by the people. This impacts people’s dispositions or coping strategies towards the unknown and their preferences for any particular types of
rules or processes in terms of the degree of clarity and specificity. Individualism/collectivism index describes the degree to which members of a group are apart from or close to one another. Specifically, it is about how willing or eager people choose to be affiliated as a group. Masculinity/femininity index represents the extent to which the ‘masculine’ culture which values material possession vis-à-vis the ‘feminine’ culture which values relational appreciation is dominating the norm. Long-short term orientation relates to the importance that people attach to the future versus the past and the present. This dimension, being the fifth among those identified in previous studies, is one that reflects Hofstede’s efforts to obtain a more balanced cross-cultural picture by incorporating the values relevant to the Chinese Confucianism as opposed to the previous four dimensions of which the study has the inherent Western bias. This fifth dimension, while associated with the Chinese values being studied in the research, shows the importance of hard work and thrift (Hofstede 1991; Hofstede & Bond 1988 in CLMS, M2FU1, 13).

Despite the fact that Hofstede’s research had a remarkable effect on academics and practitioners (Jones, 2007); had been ‘used to explore the impact of culture further’ (CLMS, M2FU1, 3-9); and is further and the most cited Non-American in the US Social Science Citation Index (Powell, 2006), there are still concerns over Hofstede’s work. In the aspect of the cultural dimensions’ conceptualisation, many scholars have raised their criticisms. Triandis (1994) argues that individualism and collectivism can actually coexist and are depending more or less on the situation disregard Hofstede treats them as bi-polar dimensions and hence the implication of mutual exclusivity in terms of
the presence of those two dimensions in an individual or society. Regarding the Power Distance Index (PDI), Fougere and Moulettes (2006) criticise Hofstede for distinguishing between ‘low PDI’ as ‘modern’ and ‘high PDI’ as ‘traditional’ thereby implying that there are assumed disadvantages of being on one side or the other. Another concept which has invited repercussion is related to the masculinity/femininity (MAS) dimension. Although Hofstede (2001) claims that many scholars have misinterpreted this dimension and have failed to accept the convergence in social gender roles, one criticism against the MAS dimension is that it lacks meaning and gender role differentiation (Fougere and Moulettes, 2006). Apart from the debates on conceptualisation, there are also criticisms both methodologically and in terms of the conclusions that Hofstede has drawn. From the methodological perspective, Ross and Faulkner (1998) points out that Hofstede’s work which focused in a single organisation (IBM) and its subsidiaries will subject his sample to being not representative of a random cross-section of the people in any of the participating countries or cultures. (Robinson, 1983) also challenges that the sample drawn from a single company comprising middle-class employees is not representative. Some researchers have contended that the research has been culturally biased as the team comprised Europeans and Americans whereas the studies include many countries from other parts of the world (Roberts and Boyacigiller, 1984). From a theoretical perspective, Ross and Faulkner (1998) further challenge that the dimensional information used for understanding a particular culture will over-generalise or treat cultures as absolutes and thus run the risk of stereotyping and oversimplifying other people. Other scholars’ challenges in the theoretical aspect also see the generalisation of cultures as problematic. The manner in which Hofstede established the dimensions of culture, and the
subsequent reification of “culture” as a variable in cross-national studies, was said to have led to a misleading dependence on cultural indices as an explanatory variable of differences in accounting for practices and behaviour (CLMS, R207-3-4). Hofstede’s assumption that all the differences between respondents of his study are a result of national cultures is regarded questionable as McSweeney (2002) contends that it is also a result of national, organisational, and other sub-cultures. Also, Gooderham and Nordhaug (2003) argue that because of globalization younger people in particular are converging around a common set of values while Hofstede (1980) has been sceptical of this viewpoint arguing that culture changes slowly. These two arguments pointing to the fact that culture may differ depending on the environment the individual is in and may change based on the individual’s life experience at a particular point in time or contingent on his/her country’s development in a particular epoch underscores a notion that culture does not have uniform effects and that individuals’ social patterns are subject to social and historical constructions. This notion about culture having the likelihood of being subject to the influence of individual’s characteristics that can be shaped by the changes in times, events of living, and the identity or role the individual is playing in any particular social settings and environments provides a basis of interest that inspires the author to raise a topic on ‘individual culture’ for discussion in the next section.

Disregard the criticisms described above, the author is still using Hofstede’s model as the basis of evaluation of the cultural orientations reflected in a selected set of performance characteristics to explore the impact of culture on PM system design for many reasons. Firstly, his model was developed in a study that worked around the values of the employees of a global organisation,
IBM, which had offices and employees spanning across a wide stretch of geographical boundaries. His study’s focus on the values of employees and hence the subsequent propositions on cultural dimensions should to a considerable extent create a kind of occupational relevance that better links the employees’ performance characteristics with the cultural considerations, thus providing a closer benchmark with what this research is studying. Apart from its occupational relevance, Hofstede’s work is also considered to be of use for studying and understanding the cultural differences that may stand in the way of managing a business beyond the geographical boundaries. Using an American planning to do business in Panama as an example, Ross and Faulkner (1998) also suggested that Hofstede’s work is useful for one to begin understanding the host culture and how it might differ from his or her own culture. This type of study having the organisational implications as well as business relevance just fits well into the study being pursued in this research.

Secondly, as Hofstede’s model shows the cultural differences in grouped pairs creating ready-made and starkly comparable elements and hence provides a straightforward approach to understanding cultures, it facilitates and to a certain extent enables a better efficiency for comparative purpose. Such a frame of reference showing cultural differences as tendencies across culture which can be given a quantitative index within the continuum of two comparative cultural elements may therefore better help distinguish one culture from another in terms of the cultural belief and value systems that can be evaluated by the degree of differentiation and intensity along the path of the defined continuum. Thirdly, against the entry into a new era when the more appropriate concepts are yet to be discovered in the waters muddled by the multiple definitions of culture proposed by scholars representing different
interests across various academic disciplines as mentioned in the previous
section on ‘culture’, Hofstede’s model appears to be the distinctive concept
available today which can provide a basis of theoretical debates and
comparative studies relevant to the author’s exploration of evidence in the
empirical world. In fact, Hofstede’s cultural work ‘is widely known and
dominated much of the discussions in various disciplines in the 1980s and
1990s’ (Harzing and Pinnington, 2011:56). Besides, the number of
disciplines which use Hofstede’s dimensions is steadily increasing outside of
the core social science disciplines and an extensive and increasing use in
business-related research and psychological research (CLMS, R207-4).
Disregard the criticisms from other scholars, ‘cultural research continues to
rely on Hofstede as a starting point to quantitatively examine culture’ and his
work ‘provides insight into what culture is in and of itself’ (Ross and Faulkner
of the fact that Hofstede’s model has the cogency of contributing to future
research in cross-cultural studies. Fourthly, Hofstede’s fifth dimension that
has evolved from his study of the Chinese Confucian thinking not only offers
an additional choice of cultural dimension for evaluating the value orientations
reflected by any Chinese workers’ performance characteristics or workplace
behaviours, but also gives the author an emotional appeal that such a
dimension should be suited for this study which has a dominant focus in
Chinese culture. Lastly, as scholars have never been able to agree on a
simple definition of culture (Hill, Wee, and Udayasankar, 2012) and how one
defines culture seems to depend mostly on what one wants to use it for
(Sackmann, 1989), Hofstede model’s culture-general rather than
culture-specific approach will better help identify the relationship between a
pattern of cultural values and a set of work-related behaviours for the purpose of subsequent analysis based on the causal link between the behaviours and the implied cultural values. As the research being conducted focuses on whether foreign firms make business decisions using culture as a frame of reference for guiding the employees’ behaviours towards any given set of performance objectives, Hofstede’s approach that generalises cultures will enable this study of culture to ride on a framework that presents more rooms to categorise the cultural orientations against the given performance characteristics using the prescribed dimensions in Hofstede’s model. This categorisation made possible by a relatively straightforward mapping between a prescribed set of cultural orientations or dimensions and a specific set of performance characteristics is critical to ensure that a comparative study can be done more efficiently against the shorter thesis writing time and yet without prejudice to the quality of comparing and equating the pre-defined performance characteristics to the respective Hofstede model’s dimensions based on the descriptive account of the values implied by the practices and behaviours that contribute to the specific performance outcomes. Therefore, the author has eventually decided to use Hofstede model as the basis for defining the cultural dimensions to be evaluated in this study.

2.5 Individual Culture

As discussed earlier, culture is seen to be subject to the influence of individual’s characteristics which may vary in terms of their needs and thoughts across different times within an individual’s life cycle. Dorfman and Howell (1988) and Karahanna et al. (2005) suggest that culture may show how much an
individual takes from the different cultures that the individual is part of. Triandis (1972) argues that culture indicates the perception of that individual of the shared cultures one belongs to. Berry (1990) also envisages that people may develop attitudes and beliefs that embrace various concepts in their new environment when they go through the process of acculturation. Furthermore, Tung (1995) suggests that culture is not static and it evolves over time. These suggestions imply that while national culture reflects the generally accepted modes of behaviour defined or regulated by the objective conditions in the society an individual is in, each individual as a member of the society may also display different practices that are developed along his/her subjective perception of the historically brewed elements of the cultural systems in that society. While it is to the best of the author’s knowledge that there is no such nomenclature so far in any literature that refers to the way an individual behaves; expresses himself/herself; or responds to external stimuli as ‘individual culture’ in situations where differences observed between individuals from different national states would have normally been called cultural differences, the author would argue that the notion of using the term ‘individual culture’ may actually be extrapolated from the theories on the relationship between society and individuals made by two scholars in the sociological disciplines, one is Nobert Elias and the other Pierre Bourdieu. Elias (1991) opines that the structure and pattern of a society creates an ‘invisible order’ in which individuals live together and offers them ‘a more or less restricted range of possible functions and modes of behaviour’ (p.14). While they constantly introduce individual purposes into this invisible order within the network of interdependent functions, they ‘have hardly anything to do with each other’ but ‘pursue their own goals and plans’ (p.13). Even within the same group the relationships allotted to two people,
their individual histories are never quite the same (p.22). As such, ‘advances of individualisation … are not the consequence of a sudden mutation within individual people … they are social events, consequences of a breaking up of old groupings or a change in the social position (p.23-24). Working on his theory of practice to formulate a reflexive approach to social life, Bourdieu (1990) focuses on the ideology which relates to three factors: habitus, field, and capital, where ‘habitus’ refers to the socialised norms or tendencies that guide behaviour and thinking; ‘field’ is where the relationship between structure and agency (the individual) takes place; and ‘capital’ is a form of power. Central to Bourdieu’s ideology is the notion of habitus, which encompasses how people act in a way that is reflective of social structures and their process of socialisation, which is in turn reproduced by their actions. Bourdieu suggests that habitus becomes second nature, but not in a deterministic way. That is; the disposition that individuals acquire certainly can and do reproduce existing structures, but they also have the capacity to generate new behaviours and responses on the part of an agent (Bourdieu, 1995). The suggestions of Elias and Bourdieu have thrown more lights on how individuals strive to maximise their capital, i.e., their power or their own future, while the social structures and embodied knowledge of those structures produce enduring orientations to action, i.e. culture. Following the notions of Elias and Bourdieu and those raised by others arguing in favour of the likelihood of the emergence of subjective cultures held different individuals out of the shared culture in the society, the author would argue that because of the ‘differential distribution of capital’ (Calhoun, LiPuma & Postone, 1993 : 7) and that individuals ‘pursue their own goals and plans’ (Elias, 1991: 13) there is also a likelihood that individuals develop their own ‘individual culture’ reflected in their practices, disposition or
behaviours.

The author would like to reiterate that this term is taken further for discussion in this thesis not as a process to propose a new theory but rather as an attempt to bring in a new line of sights about cultural differences. The new line of sight is considered to be of interest to a certain extent to not only sociologists but also social scientists because the author sees a kind of relationship, of which any generalisation is yet to be explored by other researchers interested in this discussion in the future, between motivation as a mean and the ‘individual culture’ as an end which when taken together may perhaps constitute a concept to explain why individuals reproduce a ‘culture’ that represents a subjective perception of the practices evolved from the congenital societal structures and patterns. Along a similar stream of thoughts to Elias’ conception about each individual ‘pursuing his or her own goals and plans’ and Bourdieu’s belief in people’s desire to ‘maximise their power’, the motivation models of Maslow’s (1987) Hierarchy of Needs and Alderfer’s (1972) ERG Theory may as well provide a second perspective to argue that the concept of ‘individual culture’ should be worth further exploration as a new knowledge to be developed.

In Maslow’s theory of hierarchy of needs, there are five categories, namely; physiological needs, safety needs, social needs, esteem needs and self-actualization needs. It is theorised that an individual’s behaviour is dominated and determined by the needs that are unfulfilled and an individual will systematically satisfy his or her needs by starting with the most basic and working up the hierarchy. Alderfer’s ERG theory, on the other hand, proposes that there are three sets of needs: existence needs, relatedness needs, and growth
needs. It is posited in this theory that these needs are met by developing whatever abilities and powers the individual thinks are important to make the best self, thus suggesting that individuals may be motivated at different stages or in different states to reconstruct their personal profiles or even characters to attain the competitive position where their needs are satisfied.

Synthesising the sociological and social science’s points of view discussed above, the author would come up with a new vision to help explain how people come to develop their own practices (habitus) in their quest for the needs or power (capital) in the specific environment they are situated in (field). That is; individuals are constantly pursuing their own goals or seeking to gain powers or advantages over the others in a societal setting, be it in a nation state or in an organisation environment, where the phenomenon of ‘differential distribution of capital’ as posited by Calhoun, LiPuma & Postone (1993) may frustrate an individual on the one hand or motivate him/her on the other into developing or reproducing a kind of practices, regardless of towards the end of satisfying the individual’s needs at various levels or in various contexts, ranging from the basic needs of survival; through affiliations with his/her group to which he or she has established or developed a more favoured attachment; to a more lofty goal of gaining possession of something of extremely high importance to him/her. Using Elias’ (Elias, 1978; in CLMS, M1U2-64) analogy of ‘games’ with which he uses to point to an individual’s course of determining his or her moves, people are thought to ‘become increasingly dependent on the overall process of the game’ as is the case when they pursue a career in a business organisation.
Another point the author would like to raise in relation to the view on individual’s cultural or behavioural change is that a ‘game’ of power is just what that is a matter of social processes which may result in an individual’s positive or negative evaluation of how far he or she can count on the cultural norms to achieve his/her goals. At this point, Archer’s (1988) assertion may perhaps provide a supporting view on individual’s cultural change against an actor’s access into an arena where power comes to the fore as she states:

“Power relations are the causal element in cultural consensus building and, far from unproblematically guaranteeing behavioural conformity, they can provoke anything from ritualistic acceptance to outright rejection of the culture imposed.”

(Archer, 1988; in CLMS, R205-7)

Based on those views extrapolated from the theories or models discussed, the author would come to his argument that by learning or developing a set of practices to pursue one’s goals or to gain the desired powers that are valued in the societal setting one is in, an individual may subconsciously or unconsciously embark on a trajectory of cultural spaces in which the individual always has the option to adopt and apply a new ‘individual culture’ that best suits his/her personal experiences and societal contexts, regardless of whether any adjustment to the home-grown culture should be needed.

2.6 Chinese Culture

In order for the foreign firms to make their first step into China to start their business, these firms have to conform to the Chinese government’s requirement of establishing joint venture with local enterprises by way of
‘joint-ownership with community, joint welfare with townships and joint shareholding with employees’ (Wang Z & Zang Z; 2005: 555). Also, Chen, Griffith & Hu (2006) see this as a practice that influences the foreign firms’ market entry strategy as the Chinese government is keen to have these firms to use local employees. As foreign firms are forced to appoint local managers to deal with government authorities, they definitely need to work with a partner from the host location and may even need to recruit local employees and managers. In fact, such a condition has arisen not just because of the institutional requirement, but also the need to rely on the local managers and employees to manage the ‘local way’ of managing business in China. As such, it is important for foreign firms to grasp a good understanding of the cultural knowledge in order for them to be successful in managing their people and ultimately business in China.

In order to understand the cultural differences of Western and Chinese business practices, one must come to terms with any differences that may be intervening between the Western and Chinese cultural dimensions. It has often been witnessed that intense mistrust of Chinese employees arose, primarily due to cultural differences with Western entrepreneurs and that country's traditional management styles (Hofstede & Bond, 1988). Taking a closer view of what Chinese culture regards as values and a way of life will certainly help foreign firms to perform better in China.

According to Hofstede (2001), Chinese culture is characterized as low on Individualism and high on Collectivism. The power distance index in China is as high as 80, which is well above 40 in America and 54 in Japan. The degree
of risk tolerance, i.e., uncertainty avoidance, is identified as weak. When compared with Japan, Chinese feel less threatened when facing uncertainty. For the Masculinity/Femininity level, China is found to be high on Masculinity with a score of 66, while the United States is at the level of 62. Feng (2005) also notes that there are signs of increasing masculinity in Chinese society nowadays. In the dimension of Long-term Orientation which Hofstede develops in his China survey, China is regarded as a more long-term oriented society such that the index in China is a high as 118 while the United States is 29. While Hofstede’s suggestion on the characteristics of Chinese culture appears to be multi-dimensional and hence generic enough to facilitate considerable understanding of assumptions, beliefs and values that are embedded in Chinese culture, there is a word of caution that deserves MNCs’ attention. The caution is that the recent decades of China’s economic reforms and development have inevitably resulted in the Chinese people being exposed to the Western values through their international work assignments and cross-border connections with people of different races or cultural orientations. This growing exposure to other national cultures may increase the possibility that some Chinese people may as well appreciate other national cultural morals to a certain extent or even subsequently assimilate into other cultural values due to more frequent personal interactions or business cooperation at work. As a result, this may lead to the index of the cultural dimensions changing either slowly or gradually. Even in Ralston et al’s (1996) study of the values held by 704 managers located in six cities in China, it was found that the Chinese managers from the relatively cosmopolitan city of Guangzhou, especially those who belonged to the younger generation, attached less importance to collectivism than those from the more traditional locations. Besides, since
Hofstede’s study in 1980, changes in China have occurred alongside the economic reforms, WTO accession, and the country’s transformation into an economic power house. It can as well be imagined that those changes have to a certain extent caused many shifts in value attachment or mindsets among the people in China and may therefore render Hofstede’s ranking of cultural dimensions to possible changes, however slight or immense.

Disregard the caution about the possible changes in people’s value attachment and mindsets in China as discussed above, there is one cultural identity that carries one of the most influential philosophies that affect many aspects of Chinese people in China. Such a cultural identity is exactly one that Hofstede has built on to derive his fifth dimension, that is; Confucianism. In Chinese society, Confucian values are one of the aspects regarded as crucial to making sense of Chinese work-related values and behaviours (CLMS, M2K, 3-9). Under the Confucian view, the most important characteristic of an individual was the moral basis of his or her character. Confucian values attach considerable importance to hierarchical relationships and the direct and indirect personal relationships (known as ‘guanxi’ in Chinese) provide moral guidelines for the Chinese with regard to their behaviour within their family clans and in broader society, thereby generating social norms (CLMS, M2K, R1163-4 – 5). This has therefore resulted in the maintenance and development of strong relationships and networks across society because, as Redding (2002) has noted, the use of relationships and networks to minimise risk in business remains generally essential because legal protections to those involved in business are inadequate, information is insufficiently accessible in China. This strong attachment to the value of interdependent personal relationships may therefore
pose problems or implications to foreign firms holding a different belief in management styles and business practices. As Cooke (2012) suggested, cultural awareness is important to positive relationship building in a society that highly values social relationships in all aspects of work and life. If a firm is negligent of the importance of creating relations between the organisation management team and its employees and fails to build the *guanxi* that is regarded by the Chinese as critical in connecting the people in the community, it will be running the risk of having difficulty in eliciting employees’ commitment.

As mentioned above, personal relationships (*guanxi*) also have a bearing on people’s behaviours in the society. As far as business dealing is concerned, maintaining relationships or networks is crucial to the success of the business. As Warner (1995) argues, ‘who knows who’ is still very useful in Chinese working life and careers. Also, Child and Warner (2003), when finding the connotation of ‘*guanxi*’, suggest that particularistic ties as denoted by this term are vital for success in both ordinary and business life in China. As equally important as *guanxi* as one of the key values marking the Chinese social and working life in China is the concept of face (known as ‘*mianzi*’ in Chinese). Face is of particular importance because it is a critical element in harmony, which is highly valued by the Chinese as ‘keeping good relationships with reciprocal obligations and duties between members of the same clan (CLMS, M2K, R1163-5). Bond and Hwang (1986) find that face is a strategy that is habitually used for enhancing one’s influence over others in society. By exercising the ‘face’ strategy, one gains respect and obligation by others because of the higher social status one possesses; and solicits favours according
to the importance and status one has in the family clan or society. When situated in the workplace environment, the respect of hierarchy is equally important for the Chinese in that there should be a prevalence of the respect for seniority and age, which means that the older persons and those of higher social rank can and should receive higher respect and favours (CLMS, M2K, R1163-5). Those cultural aspects are deeply embedded in the Chinese social norms and so influential to the way the Chinese behave that foreign firms wishing to seek success in HRM and achievement of superior performance cannot afford ignoring or neglecting.

2.7 Corporate Culture

Just like national culture, corporate culture is a concept that deals with values, beliefs, perceptions, and basis to guide people's behaviours. ‘Culture comprises the values and unwritten rules that guide behaviour in a corporation’; ‘Culture is a pattern of beliefs, expectations and values shared by the corporation’s members’; ‘Culture is set of values and patterns of behaviour that focus on customers, quality, and individuals of the organisation’ (Yip 1992: 181; Hunger and Wheelen 1996: 123; Burrill and Ledolter 1999: 298 in CLMS, M2K, R1166-5). Those definitions point to the fact that corporate culture has the function to create a common awareness as well as consciousness for members of the corporation that there is a system that translates the corporation’s values and beliefs into a kind of social order featuring rules and expectations for the members to follow by way of a pattern of behaviours demonstrated on an on-going basis. Against the uncertainties and ambiguities presented by the overseas market and socio-cultural environment, a thoughtful
link of the corporate culture with the environment the business is operated in is essential in weaving the fabrics to hold internally the organisation’s management systems and externally the country’s societal systems together towards the end of attaining successful performance. Liberatore (1993) argues that a corporate culture has its deepest roots in corporate systems that control how business is conducted. These corporate systems, which may take the form of formal or informal procedures, policies and dynamic processes involving employees, equipment, methods, materials, suppliers and customers, are allowed to exist or grow only as long as the culture perceives them as useful in supporting its existing biases (CLMS, M2K, R1166-7). As mentioned in the earlier discussion on the concept of globalisation, firms with global operations should be prepared to overcome various challenges which invariably include people management that is needed is deal with the issues arising from the interactions of managers and employees in the social as well as cross-cultural context. For ensuring the corporate systems work consistently well among employees of different cultural backgrounds, it is important for that systems to be learned and understood as a shared and common way that things are worked in the organisation so as to achieve the aim of negotiating or compromising any individual’s possible bias against the norms and values of the systems through communication or socialisation of the corporate culture. According to Rhinesmith (1993), global corporate culture is the glue that can keep a global network of activities together. In fact, by heightening employees’ awareness and recognition of the corporate culture, an organisation may find it more efficient to pass down to different generations of the workforce the meanings and values of its shared visions, systems, mechanisms and processes that it would like the employees to learn and practise at both the functional and
behavioural domains.

To the extent that the behaviours are pertinent to or even required for the success of fulfilling the corporations’ performance pledge, corporate culture is also regarded as a kind of unwritten rules on what members should do or perform to make things happen in the ways they are intended in relation to the ‘customers, quality, and individuals of the organisation’ as suggested by one of the definitions listed above. Built on the set of values and behaviours that deal with a part of our stakeholders like customers and competitive advantages such as quality, corporate culture may foster “the collective feeling of individuals in an organisation about good or evil, normality or abnormality” (CLMS, M2K, R1166-6) which may likely become a sort of frame of reference for any performance to be judged as good or bad, or desired or undesired. Bound by such a frame of reference that informs about the performance level or desirability, members of the corporation may possibly have the assumption or pre-conception that the practices prevailing in the home country should be replicated in the other offices operating overseas so that the company’s established social order, rules, and expected patterns of behaviours that are said to have been working well for contributing to the company performance can be conveyed to the other parts of the global operations to ensure not just consistency of management practices but also conformity to performance standards. Schein (1985) defines corporate culture as ‘a pattern of basic assumptions – invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration – that has worked well enough to be considered valid and, therefore to be taught to new members as the correct way to perceive, think and feel in relations to those
problems’ (p.9). This definition highlights the fact that corporate culture evolves as it helps meet an organisation’s external and internal needs to cope with problems. The pattern of basic assumptions that has worked well through the external and internal integration of problem-solving processes and practices is then taught to new members to ensure that those assumptions should guide the members to identify solutions to problems. As such, corporate culture may serve as a mechanism of control of members’ behaviours through the reminders by way of the management practices such as leadership models which embody the organisation’s core values and instil the norms that orient members towards adhering to “the way things are done around here” (Deal & Kennedy, 1982). This may perhaps explain why the MNCs tend to transfer the policies and practices which are built on the company’s core values from the head office to their overseas offices. Also, as Varma, Budhwar, Denisi (2008) suggest, corporate culture of MNCs can, with regard to PM, mediate the effects of the different national cultures. As such, MNCs should feel the incentive and drive to impose corporate culture to the requirements of performance for their employees to practice or emulate.

While MNCs use shared assumptions and patterns of behaviours to cope with problems thereby creating a latent force to direct their members to follow the internal rules and practices so that there is a consistency, predictability, and control in the things that get done across different geographical boundaries, the outcome may not necessarily be within what they anticipate or want it to be (especially when the corporate culture displays features that are not congenial to the national culture of the host country). According to Schein (1990), culture may be influenced by cultural dynamics which include “preservation
through socialisation, natural evolution, and guided evolution and managed change” (pp.115-116). ‘Preservation through socialization’ means that culture perpetuates and reproduces itself through the socialization of new members entering the group. There is a view that culture is something that is interpreted and re-interpreted, and constantly produced and reproduced in social relations (Myers and Tan, 2002), so it is also anticipated that social activities organised to allow employees to ‘socialise’ by learning a group’s or a company’s way of doing things or stories of success or failure may result in the employees’ perception or realisation of what works well or what is valued within the specific environment setting they are in. By providing an environment to allow or activate those activities to socialise groups of people, the employer may achieve the purpose of enhancing people’s collective mental and relational bonding within the corporate culture through the learning or promotion of the organisation’s shared values and meanings. Even if the members’ conceptions of their culture may not be identical, these shared meanings will emerge from their mutual adjustments to one another and the substantial overlap among their views (Ridgeway, 1983, p.247). Though the goal of socialization is to perpetuate the culture, the process may not have uniform effects because individuals respond differently to the same treatment. There are three possible outcomes: The first one is custodial orientation or total conformity, which means that the members comply with all the norms and complete learning of all assumptions. The second one is creative individualism, which implies that some members learn all of the core assumptions of the culture but reject all peripheral ones. The last one is rebellion, or the total rejection of all assumptions. ‘Natural evolution’ occurs when changes in the environment where the organisation has presence produce stresses and strains within the
group of members thereby forcing new learning and adaptation. At the same time, new members coming into the group may bring in new beliefs and assumptions that will influence currently held assumptions. Besides, sub-cultures may begin to breed in organisations when they grow and divide the labour and form functional, geographical, and other kinds of units, each of which exists in its own specific environment. ‘Guided evolution and managed change’ refers to the situation when cultural changes become imperative to allow new learning for the organisation to develop a new culture as a result of the organisation’s culture being viewed as increasingly dysfunctional or extremely maladapted. Those propositions suggest that there can be situations when corporate culture can be challenged or even rejected such as pressures arising from environmental incompatibility or different individual view of the cultural values, etc. So, similar to the case of national culture, corporate culture may as well be subject to review if there should be incongruence between the management practices embedded in such culture and any individual evaluation of those practices or any resisting forces presented by the environment.

2.8 Human Resource Management Practices

Just as different countries with different ideologies manage their people in a way guided by their specific ideological values, companies in different countries may probably use different approaches in managing their workers. As the approaches in managing workers in different national contexts may be shaped by the unique settings in which the companies operate such as their business markets; economic environments; political constraints; socio-cultural climates;
and technological requirements, the theories as well as concepts of HRM in the international dimension will provide a frame of reference for organisations to identify the right practices, policies and systems for managing the workers across different geographical boundaries. Besides, there is a need for the firms seeking global presence to reconfigure their management policies, programmes, and practices to fit the international context which should be more complex than when a firm operates in a domestic setting. According to Dowling et al. (1993), the factors that differentiate international HRM from domestic HRM include: a broader perspective and a global view of issues, more exposure to risks, a change in emphasis as international operations mature, and more external influences such as the role of the state and supranational institutions and the influence of national and regional culture. Indeed, globalisation has made the world markets wide and open and thus created the issues revolving around various issues such as the predictability of business opportunities and threats, accessibility to market intelligence, possible ambiguities of the local institutional practices, and the probably limited knowledge about the socio-cultural idiosyncrasies that may shape the consumers’ and government’s attitudes towards the entry of a foreign corporation. Those issues will inevitably increase the complexity of MNCs’ management decisions that aim to adapt their globally dispersed businesses to the local characteristics of the market, the legislation, and the wider societal and cultural systems. So, it is critical for firms with global presence to be aware of how the national contexts and the inherent parameters thereof may shape their designs of management systems, practices, organisational structures, and the HR policy choices so that these firms can effectively deliver the desired performance outcomes along their international business development.
While the influences of the host countries’ local environment and culture can be instrumental to the performance and success of the overseas offices of MNCs, does it mean that MNCs should or must adapt or even localise their HRM practices and the managerial processes according to the host country’s characteristics if their decision on the design of the HRM practices is predicated on the objective of influencing or guiding the employees’ behaviours towards the organisations’ performance goals? Should HRM be distinct in different regions and if so is this approach really integrating the management as well as employment policies and practices with the MNCs’ global business objectives to contribute to the competitive advantages that some scholars (e.g. Pigors and Myers, 1969; Bratton and Gold, 2003, Schuler and Jackson, 1987) have suggested that HRM may create? Also, are the local factors such as culture causing MNCs to espouse a kind of HRM practices that caters for such local national characteristics that their HRM practices will converge to evolve a kind of prototype of HRM practices specific to a particular country or are there any MNCs which choose to do it the other way round?

Answer to the above question about MNCs’ choice or tendency in terms of the HRM practices being espoused for their overseas offices is not easy as different firms may embrace different needs and hence strategies depending on a number of variables such as their status or position of the corporate brand in attracting and retaining employees and even customers, the strengths of their organisational culture in pulling their overseas entities together for assuring the spread of experience-based performance recipes, their HR capability to apply localised systems to successfully manage across different units, and the degree of the firms’ belief in the effectiveness of their own legacy practices, etc. While the unique
situations a particular firm is in should determine the firm’s choices of the HRM policies and practices, there are generally management concerns in both the external and internal contexts that should be shared in common by the most if not all MNCs. The first concern is the likelihood of the influence of bounded rationality in decision making due to the firms’ relatively limited mastery of the knowledge of how businesses work in or are affected by the external macro environment in the host countries. The second concern is the uncertainty of the effectiveness of the firms’ internal work and employment systems in sustaining the productivity and engagement of the local employees. These concerns have such a wide-range impact encompassing the business and managerial practices that MNCs need to make a sound judgement call about the way they apply or adapt the HRM practices to their overseas subsidiaries with a view to sustaining competitive advantages and superior performance in the global business arena. As such, MNCs have to think strategically about the choice as to whether they should re-invent a set of HRM practices to fit the local contexts or transfer the home-country practices disregard the likely different settings such as those in the aspects of the national institutions and societal cultures, etc. On the one hand, MNCs are keen on being viewed as making rational choices such that the logic of their decisions are justified from the economic and business perspectives. On the other hand, they are also concerned about charting the right direction of whether it is the transfer of the HRM practices internationally or the customisation of these practices against the local national features that should really provide them the competitive edge in operating across different territories. The competition between those two dimensions of concern just exists to create dilemma for many MNCs to scratch their heads. Along that dilemma, some research has been conducted on the related issues and debates have been
prevailing in the academic world over what is commonly known as convergence and divergence of HRM ever since globalisation flourished and brought MNCs to the fore.

The most common debate on the subject of convergence and divergence has been brought forward by the ‘culturalist’ school (for example, Hofstede 1980; Hampden-Turner and Trompenaars 1997) and the ‘institutional’ school (for example, Wilkinson 1996). The culturalists focus on variances in value across cultures and examine the interaction between national culture and the behaviour of organisations and individuals and point out that cultural differences need to be addressed in the way people are managed and HRM is conducted. The institutionalists, however, stress the historical and political structures influencing economic and organisational activity and there is a view (e.g. DiMaggio and Powell, 1983; Marsden, 1999) that organisations should adhere to formal rules and unwritten social norms in the interests of efficiency and legitimacy. As far as international HRM is concerned, the use of both perspectives will significantly help substantiate a better insight into the impact of globalisation on the trend of MNCs’ orientation towards standardising their HRM practices or diversifying those practices worldwide because in the international context the strategies of HRM focus on the integration and alignment with the organisation’s and its people’s needs and concerns which are shaped heavily by such value-laden factors as cultures and economic-rational factors as social or institutional circumstances that may vary between different nations.

In the debate on the likelihood of tendency of convergence and divergence, the common argument is that market, technological and managerial forces compel
MNCs to adopt common strategies and practices, fostering economic, organisational and employment ‘homogenisation across borders’ (Quintanilla and Ferner, 2003:363) and such a spread of MNCs’ managerial knowledge and techniques internationally is a result of the dissemination of ‘best practice’ (Martin and Beaumont, 1998). Bae and Rowley (2002) suggest that the import of ‘best practices’ is among the various forces that create pressures for convergence. Gooderham and Nordhaug (2003) also argue that there are benefits for MNCs to apply to their overseas subsidiaries the practices with which they are most familiar or those that appear to produce high returns in performance regardless of those subsidiaries’ locations. Those ideas therefore foster the view advocating convergence. Indeed, simply applying the practices which have been tested or even proved to be successful either in the MNCs’ home country alone or perhaps in certain other overseas subsidiaries may have some advantages. First, it gives the MNCs a reasonable degree of emotional comfort due to the proven track record of success of the practices used. Second, it is tempting from the economic perspective for the MNCs to transfer the home-grown practices to the other locations as that saves the cost of developing new practices elsewhere. Third, it provides to the MNCs a convenient solution of managing other offices along the code of internal equity or even operational efficiency by applying a set of consistent practices and processes to the other locations. However, the issues with the ‘convergence’ views can be manifold as well. First, just as Hofstede (1980) argues that organisations are ‘culture-bound’ and that there are no universal answers to the problems of organisation and management, the convergence view may ignore the differences in values, beliefs and assumptions underlying the cultural and institutional systems of the other nations. Second, it may have too much focus on ‘best practices’ to the extent
that ‘best practices’ are somewhat like being deified like a panacea. In fact, just like the evolution of HRM from Personnel Management in that ‘one best way’ as proposed by Taylor (1911) within the scientific management theory is seen as giving too much weight to the economic factors while sacrificing the human and contextual factors, the ‘best practice’ approach may overlook the differences existing in the societal and institutional systems that may shape people’s behaviours and work-related perceptions. Third, it appears to be deviating from the distinct features of the resource-based view of HRM which has more emphases on the strategic nature whereby sustainability of competitive advantages for organisations is dependent on the extent to which the path-dependent and immobile resources are created (Peteraf, 1993) or the non-tradable, non-imitable and non-substitutable resources are produced (Grant, 1991). Similar to those views pointing to the issues of convergence theory, Rowley (1997) also questions this theory by presenting debates on political, structural, societal and cultural constraints. Child (1994) argues that although organisations in different countries are becoming more alike, the behaviour of individuals within these organisations is maintaining its cultural specificity. Rowley and Benson (2000) also criticise the view that HRM converges under the impact of environmental changes such as globalisation and ‘best practices’ fail to understand the ways in which managerial ideas and practices vary between countries, organisational levels, and individual employees. This criticism is in line with the divergent or contingent theories of HRM which are underlined by the premise that what is required in the strategic aspects of HRM is a skilful alignment between HR policies and various organisational and contextual characteristics.
As organisations begin to expand by globalizing their operations across geographical boundaries, the HRM issues are getting more complex such that the policies, programmes, and practices to be espoused may need to be studied and evaluated from a wider realm of concerns including the economic, institutional, and cultural aspects. Pressed by the need to be ambidextrous such that the home-country office and the host-country offices can be run in a coordinated manner to ensure consistency in corporate policy, responsiveness to local exigencies, and flexibility as well as adaptability to making decision or solving problems in a way that makes the best sense rather than a way that reflects the best practices, MNCs featuring different characters and organisational visions and goals may have to find their own alternatives including the application of eclectic approach to operating their overseas businesses. In the analysis of Warner (2000) that looked at ‘convergence’ and ‘divergence’ in management practices in Asia, he constructed four categories of convergence and divergence to analyse the possible outcomes using the ‘soft’ and ‘hard’ versions to indicate the extent to which the respective occurrence displayed a soft or hard landing on the approach of the HRM practices used by organisations. He eventually argued that ‘soft’ convergence is a more likely concept since the ‘soft’ outcome might occur where a regulatory framework of labour-markets was laid down by law while the ‘hard’ convergence is probably unlikely where all systems become alike. He also suggested that the ‘soft’ or relative divergence should also be possibly more realistic than absolute ‘hard’ divergence as the soft approach might accommodate some sort of diversity that would put some weights to the national or local differences. Such a view showing a cross-examination between the convergence and divergence concepts appears to be suggesting that organisations may tend to resort to the eclectic approach where a balance
between the costs and benefits, advantages and disadvantages, and opportunities and threats are given a more objective evaluation.

Taking a deeper insight into the external and internal concerns and the convergence and divergence tendencies discussed above, it can be noticed that the centre of the question of MNCs’ use of HRM should be very much grounded on the strategic choices made through evaluation of the extent to which the HRM policies and practices are integrated and aligned with the organisations’ corporate objectives and performance goals. This goes in line with the concept that HRM is ‘the means of aligning the management of human resources with the strategic content of the business’ (Walker, 1992); is ‘fully integrated into strategic planning’ (Guest 1989); and aims to achieve competitive advantage encompassing ‘those capabilities, resource, relationships and decisions which permit an organisation to capitalise on opportunities in the marketplace and to avoid threats to its desired position’ (Lengnick-Hall and Lengnick-Hall, 1990).

It is therefore along those concepts that the author considers HRM as important in guiding organisations to choose their strategies to find the strategic fit into the environment that they are operating in to ensure the right policies, systems, and practices are devised for them to pursue performance. In the case where organisations seek global presence thereby encountering challenges in the form of dilemma in the HRM policy and practice choices just like the convergence-divergence scenario discussed above, HRM will definitely be a framework which the organisations need to examine to ensure the approaches and models taken out of it should serve the purpose of identifying the types of people management strategies that are congruent with the business strategies for achieving competitive advantages and ultimately the desired performance
outcomes.

For firms considering to transfer their HRM into China, they are not likely to find the process and implementation an easy one because of the country’s deep-rooted socialist ideology which the late party leader Deng Xiao Ping described as featuring ‘Chinese characteristics’, implying that the country’s underlying values may persist rather than change disregard any economic development or transformation that has been taking place in the past decades. Also, in his study of cultures across the coastal regions and different cities in China, Ralston et al (1996) concluded that the Chinese managers may be reluctant to forsake long held Confucian values such as collectivism. Therefore, it is very difficult to assess the degree to which any HRM with foreign or Western values attached to it may influence the management values and behaviours of the local employees. Despite emerging trends of cultural change and receptiveness to western performance management practices, existing studies of performance management have highlighted cultural differences as a key challenge to adopting western-styled performance management schemes and the Chinese context (Cooke 2008). For example, Wang and Wang’s (2008) study found that whilst performance management was positively related to organisational performance, adopting it as a strategic HRM technique in China could be a serious challenge due to the Chinese traditional culture of harmony and egalitarianism (Cooke, 2012: 84). Therefore, for foreign firms entering into China to determine their choice of the HRM policies and practices to be espoused in the country, they should identify the gaps in terms of recognising the major differences found in the values which mark both the Chinese ideological and cultural characteristics as those described above.
2.9 Performance Management

For years, many authors (e.g., Campbell, 1990; Campbell, Gasser, & Oswald, 1996; Viswesvaran, 1993) have noted that very few efforts have been directed toward developing generalisable models of performance as what constitutes performance differs from job to job. Indeed, there have been many systems and philosophies which have relevance to the management of performance but the precise nature of the term PM remains indistinct (Williams, 1998). However, by looking at the broad definitions offered by a few scholars, a review of the processes and purposes of PM can be made to understand more about what this management system deals with. Murphy (1990) defines performance as the set of behaviours that are relevant to the goals of the organisation or the organisational unit in which a person works. Campbell et al. (1993) define performance as synonymous with behaviour. These two broad definitions are built on a psychological view which relates performance simply to a set of behaviours demonstrated by individuals. The author finds the view of emphasising individuals’ behaviours as a somewhat core element contributing to performance particularly valuable to the study of whether MNCs should take local cultures into account when they formulate the PM practices in a global context because behaviours are to a considerable extent guided by the individuals’ perception of the values coming out of any acts or efforts that they are going to carry out. The fulfillment of the behaviours can be not just a reflection of the individuals’ rational or objective calculation of the financial or material rewards that can be anticipated along the expectancy theory but also the individuals’ emotional or subjective conformity to a societal code of conduct that they have cognitively ascribed to as a universal truth that brings
them meanings and values as respected individuals. Therefore, for motivating the people to follow any performance codes or directions, it may perhaps require deeper understanding of what makes a good sense for certain individuals whose perceptions of values may need to be accommodated or compromised in order to elicit the individuals’ commitment and hence dedicated performance. In the definition proposed by Hartle (1995) which looks deeper into how the organisation and individuals interact with each other to make performance happen, the process, system, and purpose of performance can be made clearer. By relating performance to ‘a process for establishing a shared understanding about what is to be achieved, and how it is to be achieved, and an approach to managing people which increase the probability of achieving job-related success’ (p.12), the definition has painted a picture that PM works within the principle that individuals share a common understanding of the goals and objectives of the organisation via an established process that aims at managing the individuals’ behaviours to achieve the job-related target. Again, in any attempt to ensure that individuals will share a common understanding of the organisational goals and objectives, it is important to grasp a good understanding of the individuals’ perception of values especially when such a perception may display significant variances across different nations due to the difference in the social and cultural systems which may shape people’s interpretations of meanings and realities differently.

In summarizing the principles of PM, IRS (1996) in its management review points out that PM is primarily concerned with performance improvement in order to achieve organisational, team and individual effectiveness. It should also be concerned with employee development, communication and
involvement, satisfying the needs and expectations of all of the organisation’s stakeholders – owners, management, employees, customers, suppliers and the general public. This view that covers a wider and broader realm of the context in which PM plays a role is also shared by other authors. Armstrong (2000) believes in a holistic approach to managing for performance, which is therefore a concern of everyone in the organisation. He also holds the view that PM is about managing within the context of the business, namely its internal and external environment. There is also support in the concept of sharing understanding with regard to needs and expectations so that performance can be managed in the way it is intended. Building on the early work by Katz and Kahn (1966) to show the theoretical importance of the connections of organisational inputs, throughputs, and outputs into a cohesive framework for managing overall organisational performance, Nadler and Tushman (1997) say, ‘Other things being equal, the greater the total degree of congruence, or fit, among various components, the more effective the organisation will be,’ or essentially ‘the degree to which strategy, work, people, structure, and culture are smoothly aligned will determine the organisation’s ability to compete and succeed.’ (Schiemann, 2009: 46). Lawson (1995) also argues that for PM to be effective, it is necessary to articulate the company’s vision, establish key results, objectives and measures at key business unit level, identify business process objectives and the key indicators of performance. All these views about the principle of PM and what the essential element is for making it successful or effective show one thing in common, that is – alignment or congruence in both the internal and external contexts such that managers and employees share the understanding about the corporate objectives and goals and the process and strategy should be linked with the stakeholders, the business
context, and the wider external environment which should as well include culture, is pivotal in achieving performance success.

Foreign firms going to China bringing with them their managers’ home-grown management styles and the home-rooted management policies and practices for use in this host country are considered to be not realistic in their planning. In fact, ignoring Chinese people’s values may imply damage to an effective management of the people and the local business in China. Empirical work by John Child (1991, 1994; Child and Markoczy, 1993) suggested that performance management has been applied with limited success in Chinese-western joint ventures. Xin & Wang (1999) have also shown from their study on both American expatriates and Chinese managers in ten Sino-American joint ventures in Beijing area that the American managers hold negative perception on decision-making style of Chinese counterparts while Chinese managers hold negative opinions on moral conducts of their American counterparts. In China, the cultural traditions have been characterized by such values as the respect for hierarchy, the importance of face; harmony and collectivism (CLMS, M2K, R1163-5). The emphases on moral factors, harmony and interpersonal relationships are such a set of core values to the local people that any PM systems that display the omission of any of these values deeply rooted in the employees’ mind will be running the pitfall of failing to motivate or win the hearts of the employees. In their study on performance appraisal, Benson et al. (2000) found that the performance appraisal system in China lacked openness, transparency, mutual influence and objective standards and hence contributed to people’s scepticism of performance appraisal and resistance to its implementation. Also, according
to Hofstede’s research (2001), the family-based moral standards have been highly valued and regarded as authority in traditional Chinese society. Within the value orientation under Confucianism, family-like organisational structure, benevolent paternalistic leadership, the father-like hard-working bosses, etc, are highly valued elements reflecting an organisation’s management directions. In fact, Chinese people always try to avoid damage to the state of harmony. As such, the performance evaluation should avoid conflicts and maintain a harmonious relationship. These examples show that the consideration of Chinese cultural values and orientations is necessary when foreign firms plan their performance management practices.

When organisations become global, their managers will experience greater pressure to deal effectively with the developments that will re-shape the PM landscape. Williams (1998), however, has raised the alarm that people have different values and motives which will result in their not responding in the same way to a given system as they ‘aren’t passive recipients who will invariably respond in the way that management wishes’ (p. 134). It has been argued that the PM system and content must be compatible with the needs, values, and expectations of its users in order to be accepted. The policies adopted by an organisation’s top management and the implementation of the policies by senior managers are significant enough in China to achieve the organisational goals in a culturally diverse workforce. Yet, the identification of performance driven aspects is necessary. While identifying the performance drivers, Waal (2004, 302) recognizes the need for the performance management analysis to be developed on the basis of understanding of organisational members’ attitude towards performance. In order to elicit
positive attitude from the members or the employees to achieve good performance, it is necessary to accommodate the local culture while the practices of the firm decide the extent of such accommodation. As a consequence, the performance management analysis has to consider performance management alignment, which is possible with coordination between departments and listening to the employees concerns and addressing them. Such a need of alignment and consideration of the employees’ concerns and perceptions are never negligible for the workforce in China. Still, the author holds the view that simply understanding the organisational members’ attitude may not be enough to motivate employees to commit to organisational performance for MNCs in China due to the country’s economic development having triggered a change to the Chinese reward structure. In fact, after China’s access to the international arena as a result of the Open Door Policy since the beginning of the 1980s, new managerial context has loomed to challenge the Chinese workers and they found themselves pressed by the increase in the demand of organisational performance which needed to be shared by the employees not only at the individual level but also at the team level. Such increased demands of performance had also changed the wage structure’s landscape as the performance-based reward system set in to challenge the egalitarian wage structure against the need to motivate the employees to make their best efforts to fulfill the organisational performance goals. For the MNCs from the Western countries, they may have already had the experience of implementing a performance-based reward system. However, considering that the Chinese Confucian values which highly regard harmony and family-like relationship may still be ingrained in the Chinese people’s minds as discussed in the earlier section about Chinese culture, MNCs
that apply performance-based reward system should also engage in communicating with the employees about the process and mechanism of the entire PM system so that they can obtain a good understanding in terms of the system’s fairness and dynamics in rewarding higher for better performance.

2.10 Strategy and Management practices for foreign firms in China

Entering into the Chinese market is, more often than not, a great challenge for foreign companies especially those from the West because of the typical existence of differences in cultural values, management styles, and even ideological thinking that influences the local government’s institutional and legal structures as well as requirements. Indeed, managing people and the business in China has been a ‘complicated issue’ for multinational firms due to their need to struggle between their headquarters’ culture and Chinese culture (Bond, 1993). The author shares the foregoing viewpoint about the cultural issue’s complication and attributes that have emerged from the development of China’s economy in the past two decades.

The development of China’s economic growth in the last two decades has caused the issues of managing people and business more complicated because of the diffusion of the Western management concepts and systems into China through the open door. Since the beginning of the 1980s, China has experienced its open door policy and economic reform. By the end of 2001, China has attracted a considerable amount of foreign direct investment as 200 of the Fortune 500 companies had invested in over 2,000 projects in China (Gelb, 2000). Following China’s accession into the WTO, the influence of
foreign firms has also increased, causing foreign firms to put more thoughts on their strategy within China where the market risk and uncertainty have to a considerable extent influenced these firms’ strategic directions. (Prasad & Ghauri, 2004).

Besides the changes brought by the economic development, the contemporary cultural orientations for the people in China may as well have become blurred by the fact that there are increasingly more ‘overseas returnees’ living in China. ‘Overseas returnees’ is a term used to describe those people who are ethnic Chinese having emigrated or resided abroad for a significant length of period and have thereafter moved back to China to live or to work. According to the data released by the Ministry of Education in 2007, there were 1.067 million Chinese who went broad and 275,000 of them returning to China from 1978 to 2006 (China.org.cn by Zhang Ming'ai, November 19, 2007). Following China’s growth into an economic superpower, it is likely that more and more overseas returnees will be making their footsteps onto the soil of their motherland. With these overseas returnees’ move back to China, their experience and knowledge of the Western cultures and management philosophies will at best cause them to think about the position of their values and assumptions with regard to their identity in the social and cultural contexts or place them in a dilemma of interacting between colleagues of two different cultures in a multinational workplace environment or acting between a culture which they might probably have assimilated with during their overseas journey and a culture to which they might as well attach a kind of sense of belonging coming from their ethnic origin. Harris and Nibler (1998), in their study comparing the mainland Chinese employee group and overseas Chinese
employee group, report that the latter group is perceived by their mainland co-workers as foreigners with very limited Chinese background. In fact, even just for the Chinese in Hong Kong, their cultural orientations can be quite different from their compatriots in the mainland China. For an example, in the study about Hong Kong Chinese culture, Hofstede and Bond (1984) and Hofstede (1980) concluded that the uncertainty avoidance level for Hong Kong Chinese was weak, which is different from that ratio applicable to the Chinese. Despite the variations within a given culture, one can distinguish between individual variations and the dominant general pattern. A culture, whether it is a national culture or an organisational culture, is not homogeneous. (Ju, 1996: 102). Therefore, the ‘complicated issue’ of choosing between the headquarters’ culture and the Chinese culture is something that the MNCs need to resolve when designing their business strategies and management practices.

Ulrich (1997) suggests that Western rules do not necessarily apply in countries where political and economic power can be influenced by religion, revolution, and family. This suggestion points out that in addition to such factors as globalization, foreign direct investment, and internationalization, there can be other major forces specific to a country that call for the foreign firms’ strategy to be designed with the aim to demonstrate a ‘fit’ to the values in the institutional, political, and cultural contexts. As Jaffee (2001) states, ‘The existing internal structure, strategy, and success of an organisation is heavily influenced by environmental forces in which it operates and with which it interacts and competes.’ (p.209). This proposition suggests, first, that those in charge of organisations are externally constrained in their ability to implement any organisational strategy, and second, that any ‘one best way’ to manage
depends on the environment or context in which the organisation operates. Obviously, the mix of business strategy and the overall management practices, including the HRM practices and PM practices, should be what the foreign firms operating in China need to evaluate in terms of their effectiveness in supporting the firms to fulfill the business needs and goals against the external market and societal cultural pressures. Strategies in running a business and their congruence with the management practices are regarded as highly important because they are considered the key to success of their companies. This key, however, needs to be shaped so that each time when foreign firms wish to enter into a particular market the key fits the key-hole of the door of that market. For a market as complicated (Bond, 1993) as that in China, the conditions of perceived risk and uncertainty can be as hard to determine as the ‘complicated issue’, which may therefore confuse the foreign firms about the best approach or practice to follow for achieving business success. As more and more MNCs are competing in the Chinese market, the values and assets created by the foreign firm’s strategies and PM policies are carrying heavier weight in its importance to the firms’ success. Depending upon the business types, the market environment, the strengths and weaknesses of the firms’ inherent structure, the orientation of PM is likely to vary in the different business strategies shaped under different conditions.

As both Laurent (1986) and Hofstede (1980) argue, management methods may succeed in one culture but backfire in another. Owing to the fact that different cultures arise from different places, people’s attitude towards and behaviour responding to time management, risk aversion, hierarchical setting and decision making vary between one another. Moreover, the values and assumptions of
people are shaped by their cultures and all people consider their own culture to be the most sensible one, so cultural disagreements and misunderstandings seem unavoidable especially when people come to clash for their own interests. Business strategies and management policies may have less complexity when they demonstrate the function of managing cultural issues in an organisation such as a domestic firm operating within a single-culture environment. However, in an organisation consisting of different nationals as may be the case of a multinational firm where cultural diversity becomes salient, the business strategies and management practices will need to allow the co-existence of heterogeneous management tools including HRM practices and PM practices for striking a balance between the different needs of the employees from different countries.
3. Ways Down the Road to Research

3.1 Introduction

The purpose of this chapter is to explain the research methodology of this study. There will be details to be presented on the decision on the research approach taken, the population and sample selected, the instruments used in measuring the variables of the study, and the data collection procedures. Information on the data analyses will however be given in Chapter Four and Five as that will permit a more focused review with interpretations of the data to provide meanings to the results to address the research problems of this study.

3.2 Research Design

3.2.1 The research methods

As mentioned in sections 1.4.2 and 1.4.3, there were time and resource limitations that had resulted in the researcher taking the quantitative research method in the first place because that approach is comparatively more efficient in order to start the ball rolling to meet the shortening time-line and to collect an amount of data as large as possible within the limited time-frame. Yet, and as a contingency measure, a qualitative method followed suit and was combined to form a part of the entire research methodology. While the said limitations were indeed the critical factors leading to the approach of combining both the quantitative and qualitative methods, there were also other theoretical justifications of such a hybrid approach taken. The justifications included (1) the value-laden nature of culture the subject of study; (2) the limited amount of knowledge available about the subject of study based on
previous research; and (3) the corresponding objective of pursuing qualitative findings to develop new insights; and their respective details are as follows:

(a) As highlighted in previous sections, it is expected from the outset of this research that cultural issues should require elucidation of meanings and interpretations of the reality perceived by the individuals responding to the survey. For studying any matter imbued with subtlety or different meanings like culture, it is not unusual to find that cultural influences on people’s mindsets and behaviours can only be explained more thoroughly through the account of the causes and facts found behind any specific social actions, interpretive approach. As such, it was considered appropriate for a qualitative method to be included in the design of the research.

(b) As already mentioned in Chapter One that there is little research on PM in MNCs in China, little is known about the impact of Chinese culture on PM design in the foreign firms across the country. Therefore, it is desirable that the method used can facilitate the researcher’s exploratory study to obtain a good grasp of the conditions or phenomena that may impact the relationship between PM and culture. Berg (1995) opines that when combined with quantitative data qualitative data can help to elaborate on the meaning of statistical findings and add depth and detail to findings. To enable the researcher to clarify any ambiguities and pursue any hidden truth behind the quantitative survey respondents’ views and work-related behaviours which can only be interpreted through more in-depth questioning, qualitative investigation or interviewing is found to be more effective to achieve the foregoing purpose. The robustness of this hybrid approach is also recognized by Denscombe (2010), who suggests that the use of two research techniques to analyse the data like that of the
methodological triangulation may enhance the comprehensiveness of the study such that the quantitative approach will provide information on the patterns of behaviours and decisions while the qualitative one will provide insights into the meanings and reasons of what is occurring.

(c) Aligned with the researcher’s concept that a qualitative approach should be more effective to explore the kind of knowledge of which a complete composition should require closer inquiry into and clarification of meanings and motivations behind individual responses and behaviours, the corresponding objective of this study is underlined by the desire to develop new insights into the relationship between PM and culture. According to Alasuutari (1995), numerical generalisation is not necessarily the right one and it would be wrong to assume that quantitative data must take precedence over qualitative data simply because it involves numbers. This study, running along a qualitative emphasis, is therefore less concerned about generalisability than it is about obtaining some preliminary information to lay foundations for any assumptions or propositions that the researcher may escalate for further research in the future.

3.2.2 The research problems

According to Frost (1999), more organisations begin to see managing culture as identifying and tackling a number of people-led cultural issues. Indeed, when organisations operate outside and beyond their domestic origin, their capacity to survive or develop depends very much on their how well they are able to ensure their employees will share the corporate objectives and performance goals to the extent that the employees are willing to invest their time and efforts in working hard to fulfill the objectives and goals. There are suggestions that PM has the
potential to affect employee attitudes in a way that contributes to company performance to a significant extent provided that the design and implementation of PM are appropriate (Fletcher and Williams, 1997; Sparrow and Hiltrop, 1994). Applying those suggestions to an international business setting in that cultural orientation and hence value perception may differ among individuals in different countries, the cogency of the PM systems or practices to obtain people’s buy-in of the meanings and values attached to the PM criteria, emphases, and outcomes becomes critical in securing employees’ commitment to and engagement in working along the guided principles and behavioural expectations. There are also comments that host countries may respond negatively to imported policies that violate cultural or social norms (Dedoussis 1995, Jain, Lawler & Morishima 1998). Therefore, the importance of assessing the impact of a host country’s local culture on PM formulation for the purpose of ensuring that the corporate objectives and performance goals will be shared and followed by the employees should not be under-estimated.

This study will investigate the effects of Chinese culture on foreign firms’ decision on PM formulation for their operations in China. The investigation will be conducted using survey and interviews to collect data and feedback. The researcher begins with an assumption about the impact that Chinese culture may have on the adoption of the PM practices in the foreign firms operating businesses in China. The study will aim to address the questions embodied in the following research problem statements:

A. To what extent does Chinese culture have impact on the formulation of the PM practices in foreign firms operating in China?
B. Is the consideration of Chinese culture a significant/tangible factor or determinant of the effectiveness of PM practices used by foreign firms operating in China? That is; is the congruence with the Chinese cultural value orientations positively related to the effectiveness of the PM practices to guide the local Chinese employees working in foreign companies in China to perform to the expected performance standards?

C. Is a firm’s overall strategy one of the considerations under which foreign firms operating in China tend to determine the extent to which their PM practices should accommodate the Chinese cultural orientations?

D. Are a firm’s management practices one of the considerations under which foreign firms operating in China tend to determine the extent to which their PM practices should accommodate the Chinese cultural orientations?

E. Are a firm’s HRM practices one of the considerations under which foreign firms operating in China tend to determine the extent to which their PM practices should accommodate the Chinese cultural orientations?

3.2.3 Hypotheses

To examine research problem A which deals with the core subject of study if Chinese culture is a factor that affects the PM formulation for foreign firms operating in China, hypothesis testing will be conducted to determine if there is a statistically significant difference in PM practice scores by the various groups of variables of performance characteristics which the researcher has arranged in pairs for comparison purpose. Summary of the hypotheses for the research questions led by the above research problems are as follows:
Research Question RQ 1 - 8

RQ1: Is there a statistically significant difference in PM practice scores by group (business results vs. people engagement)?

H1₀: There is not a statistically significant difference in PM practice scores by group (business results vs. people engagement).

H₁ₐ: There is a statistically significant difference in PM practice scores by group (business results vs. people engagement).

The hypothesis structure similar to Research Question 1 will be used for testing the statistically significant difference in PM practice scores by the other groups of variables of performance characteristics which are listed below:

<table>
<thead>
<tr>
<th>Research Question</th>
<th>Group of variables of performance characteristics</th>
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<tbody>
<tr>
<td>RQ2</td>
<td>Compliance vs. Commitment</td>
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<tr>
<td>RQ 3</td>
<td>Organisation needs vs. Employee needs</td>
</tr>
<tr>
<td>RQ 4</td>
<td>Outputs vs. Behaviours</td>
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<tr>
<td>RQ 5</td>
<td>Individual decisions vs. Group decisions</td>
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<tr>
<td>RQ 6</td>
<td>Harmony vs. Debates</td>
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<tr>
<td>RQ 7</td>
<td>Top-down directions vs. Encouraged employees participation</td>
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<tr>
<td>RQ 8</td>
<td>Business ethics vs. Business returns</td>
</tr>
</tbody>
</table>

The testing of the hypotheses will be done using the appropriate statistical analysis tool, i.e. Mann-Whitney U Test, in that the data will be computed and
analyzed using PASW version 19.0 for Windows, an updated version of SPSS, to study the specific issues being examined. Besides, descriptive statistics will also be used to explore if the participating firms’ PM practices display any considerations of local cultural alignment.

3.2.4 Descriptive statistics

For the rest of the research questions that aim to explore whether there can be other factors that intervene to form a part of the PM formulation parameters, descriptive statistics will be conducted to provide information on the respondents’ views as well as evaluation of the influence of the prescribed factors. The questions concerned are as follows:

Research Question RQ 9 – 13

RQ9: In regard to foreign firms operating in China, how do participants score on questions measuring performance management practices?

RQ10: In regard to foreign firms operating in China, how do participants score on questions measuring effectiveness of performance management practices?

RQ11: In regard to foreign firms operating in China, how do participants score on questions measuring overall practices?

RQ12: In regard to foreign firms operating in China, how do participants score on questions measuring management practices?

RQ13: In regard to foreign firms operating in China, how do participants score on questions measuring human resource management practices?
Descriptive statistics will be used to describe the sample characteristics and the research variables for clarity purpose. Frequencies and percentages will be calculated for categorical or nominal data; and means and standard deviations will be calculated for interval/ratio data. The outcomes of the hypothesis testing and details of the descriptive statistics will be presented in Chapter Four.

3.3 Instruments

To ensure the research is done in the settings that contribute to a reasonably fair amount of reliability and validity, appropriate research instruments were employed ranging from the questionnaire design through the pilot study process to the sample size determination.

3.3.1 Questionnaire design

In the questionnaire, survey questions 1-5 are designed to draw the general information from the respondents and their companies. According to those answers, the author can determine some parameters such as the size of the firm, the firm’s industry, and the respondents’ position which may help ascertain the magnitude of the validity of the result based on the diversity of the respondents’ positions.

Answers to survey questions 6 – 10 may provide information about the kind of business strategy, management practices, and the HRM practices being adopted to evaluate the extent to which the firms follow their global standards or apply
adaptation to the local Chinese environment, especially in the cultural context. For question 10, the answers may also provide information about the surveyed companies’ evaluation of the PM practices based on the conditions or status of any changes made to the relevant practices. These answers will be analysed for addressing the research questions 3, 4, and 5.

Survey question 11 aims to elicit the respondents’ direct response out of intuitive perception or evaluation of whether their firms’ PM system is effective. Answer to this question will provide supplementary information to the findings obtained for the other questions that form the basis of the research question 2, i.e. whether the congruence with the Chinese cultural value orientations is positively related to the effectiveness of the PM practices used by foreign firms operating in China.

Survey question 12 is there to find out more about the cause of effectiveness or ineffectiveness of the performance system which has been described as such in question 11. The detail obtained from the answer(s) to this question may as well be used for addressing the research questions 1 through to 5 as the answers to this question serves to provide the specific information as to whether it is culture, as so queried in research questions 1 and 2, and/or such other factors as management practices, business strategy, or HRM practices, the is or are reinforcing the effectiveness or ineffectiveness of the PM practices, as to explored via research questions 3 - 5.

Survey questions 13, and 14 serve the purpose of giving more detailed account of the content and emphases of the firms’ PM system in guiding or directing the
employees’ ‘hard’ skills such as functional outputs or technical knowledge; or ‘soft’ skills such as work-related behaviours or attitudinal behaviours towards the firms’ expectations or requirements. As the wide range of output/behaviour expectations/requirements epitomizes the firms’ performance as well as management focus and thus the cultural beliefs; core values; business strategy; and/or the management philosophy they expect their employees to fulfill in the context of job performance, the findings obtained may be used to address research questions 1 through to 5, where research questions 1 to 2 aim to explore the extent to which Chinese culture acts as a determinant of the PM practices’ design and effectiveness while research questions 3 to 5 are there to evaluate the role of such other factors as business strategy, management practices, or HRM practices as a possible determinant.

Survey question 15, like question 11, is intended to get direct response and personal evaluation from the respondents as to whether their firms’ PM system follows that which is used in the parent company. As the use of a global or local approach for the systems or practices in a firm’s overseas operations may reflect the company’s strategic or management decision to a reasonable extent, the response here will be used to test the claims under research questions 3, 4 and 5 where the influence of management practices, business strategy, or HRM practices to foreign firms’ design of their PM practices is being explored.

Survey question 16 is intended to get direct response and personal evaluation from the respondents as to whether their firms’ PM system displays a reasonable match with the local culture and whether they believe such cultural match or mismatch impacts the system’s effectiveness. As such, the response here will
be used to test the claims under research questions 1 and 2.

Question 17 is intended to get direct response and personal evaluation from the respondents as to whether they believe that cultural mismatch between the PM focus and the local culture may impact the effectiveness of the PM system and employees’ ability to fulfill the performance expectation or requirements. As such, the response here will be used to test the claims under research question 2, which incorporates the essence of this study on the relationship between the congruence with the Chinese cultural value orientations and the effectiveness of the PM practices for foreign firms residing in China.

As noticed from the respective highlight of each survey question’s or set of survey questions’ utility to test the claims or constructs of any of the five research questions, the questionnaire has been structured to include multiple items to measure how well the items that reflect the same construct yield similar results. By using a series of individual questions relating to the same construct in the questionnaire to assess the inter-item consistency, reliability in terms of the way responses to individual questions or items exhibit a pattern of consistency can be measured (Densombe, 2010). For example, among the seventeen questions in the survey questionnaire, there can be sub-questions and/or inter-related items that allow some of the questions to be read and analysed in conjunction with several other questions to cross-examine the respondents’ responses thereby reconfirming their understanding or viewpoints relating to their employing companies’ PM practices and the relationship between those practices and the Chinese culture. As Cronbach’s alpha is considered as ‘a perfectly adequate index of the inter-item consistency reliability’ (Cavana et al,
2001), multi-item scales will be tested for reliability using Cronbach Alpha Coefficient Analysis.

3.3.2 Preliminary analysis

To do pre-testing for the purpose of estimating the reliability of the research questions, Cronbach’s alpha is used as it is a reliability coefficient that indicates how well the items in a set are positively correlated to one another and is the ‘most commonly applied estimate of a multiple-item scale’s reliability’ (Zikmund et al, 2010, p.302). It is computed in terms of the average inter-correlations among the items measuring the concept. Generally speaking, scales with a coefficient alpha (α) between 0.80 and 0.95 are considered to have very good reliability. Scales with a coefficient alpha (α) between 0.70 and 0.80 are considered to have good reliability, and an alpha (α) value between 0.60 and 0.70 indicates fair reliability (Zikmund et al, 2010). Some texts (for example Nunnally 1978; Gay & Airasian 2000; DeVellis 1991) suggest 0.6 and above is acceptable, especially for initial investigations. Although coefficient α does not address validity, many researchers use α as the sole indicator of a scale’s quality.

To examine reliability and internal consistency a Cronbach’s alpha (α) test of reliability of was conducted on the performance management practices (“PMP”) subscale. PMP was calculated by averaging survey questions which pertained to PM policy and process, namely; survey questions 13H, 13I, 13N, 13O, 13P, and 13R. Those selected questions were considered representative of PMP because they aimed to identify the extent to which the PMP incorporated the policy and process needed to support the purpose of managing individuals and
teams in order to achieve organisational performance. Also, as policy and the resultant system process should reflect a firm’s core values which may represent a firm’s philosophical concepts and ethical values, answers to those policy/process related questions may as well indicate the level of impact of the value-laden cultures on PMP formulation. The Cronbach’s alpha test of reliability is presented in Table 1.

**Table 1**: Reliability Statistics (all variables)

Reliability

<table>
<thead>
<tr>
<th>Case Processing Summary</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>86</td>
<td>97.7</td>
</tr>
<tr>
<td>Excluded a</td>
<td>2</td>
<td>2.3</td>
</tr>
<tr>
<td>Total</td>
<td>88</td>
<td>100.0</td>
</tr>
</tbody>
</table>

a. Listwise deletion based on all variables in the procedure.

Scale: ALL VARIABLES

<table>
<thead>
<tr>
<th>Reliability Statistics</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach’s Alpha</td>
<td>6</td>
</tr>
<tr>
<td>Alpha</td>
<td>.633</td>
</tr>
</tbody>
</table>

*Reliability and Internal Consistency for Performance Management Practices*

<table>
<thead>
<tr>
<th>Subscale</th>
<th>Items</th>
<th>α</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance management practices</td>
<td>6</td>
<td>0.63</td>
</tr>
</tbody>
</table>
Although a Cronbach’s alpha value of .60 is already considered fair or acceptable as suggested by various scholars stated above, attempt to further improve reliability was made by re-running the Cronbach’s alpha test of reliability to scale if each item was deleted. The result showed that removing survey question 13H increased the reliability coefficient to 0.69, indicating an improved alpha value closer to the good reliability level. The revised Cronbach’s alpha test of reliability is presented in Table 2.

**Table 2: Reliability Statistics (PMP revised)**

Scale: PMP REVISED

<table>
<thead>
<tr>
<th>Reliability Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach's Alpha</td>
</tr>
<tr>
<td>N of Items</td>
</tr>
<tr>
<td>.689</td>
</tr>
</tbody>
</table>

**Reliability and Internal Consistency for Performance Management Practices**

<table>
<thead>
<tr>
<th>Subscale</th>
<th>Items</th>
<th>α</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance management practices</td>
<td>5</td>
<td>0.69</td>
</tr>
</tbody>
</table>

3.3.3 Pilot study

The pilot study serves the purpose of testing the reliability and validity of the questions to be raised and of the research methods used against the population of the participants in the study. Any feedback received from the pilot study
participants or peculiar observations found during the course of the study will provide valuable information to the researcher for his judgement as to whether any amendment to the questionnaire or remedy to the logistical and methodological issues may be needed to enhance the reliability and validity of the actual research.

The questionnaire was pilot tested by the researcher in 2010 before conducting the main study. The pilot study population consisted of three parties: one is a friend who has a statistics background by tertiary education, the other is a friend who is a congenital Chinese worker and engaged in the HR profession, and the last party comprises five other friends who are HR professionals working in foreign-invested companies and having geographical responsibility for the operations in China. This pilot study involving seven individuals was considered appropriate because a majority of those individuals, as described, displayed the important characteristics of the target population such that they possessed knowledge of (a) the Western cultures; (b) the China employment market due to their role-based responsibility and hence knowledge of the Chinese culture to a considerable extent; and (c) PM systems generally espoused by foreign companies and the related concepts guiding the mechanisms and processes. The inclusion of an individual with statistics background was also deemed appropriate as he could provide comments and feedback as to how likely the questions set would be able to support statistical tests and analyses. These three different parties were asked to review the clarity of the written instructions and the relevance of the questions from the perspective of their professional knowledge during the pilot study but were excluded from the main study population.
To ensure the questions or items contained in the questionnaire should be relevant to the construct and represent all aspects of the construct, the pilot study participants were also consulted about (a) whether the questions were asking what the study intended to ask; (b) how likely the respondents may misinterpret those questions; (c) how difficult it might be for them to respond to the questions, and (d) whether those questions would enable the survey to reveal the kind of results that should be useful for studying the subjects that this research was focusing on. After synthesising the opinions of all the above-mentioned parties, there were quite a number of items found to entail some fine-tuning to enhance clarity and hence validity of the data to be furnished by the respondents. Two of the many few examples of the post-pilot study fine-tuning items include the followings:

- A more detailed definition of the terms “effectiveness” and “ineffectiveness” in connection with the mechanics of the PM system, as given in question 11 of the questionnaire which states the following:

  “Effectiveness” in this context refers to the degree to which the system has made the employees understand and fulfill their responsibilities in line with the performance expectation or requirements communicated in the system manual or via supervisors’/managers’ instruction. Examples of “ineffectiveness” may include queries about; grievances or complaints against unfair expectation/requirements or even inadequate values or beliefs embedded in the system in motivating the employees to perform to the satisfaction of the company management.

- A confined choice of possible answers as an instrument to control the scope
and type of data to be analysed such that the research subjects (e.g. management practice, culture, etc) must be included in the responses for the respondents’ choice. An example can be found in question 12 which is presented as below:

Following your answer to Question 11, please indicate which of the following phenomena/conditions best describes the cause of such effectiveness or ineffectiveness. (You may choose more than one answer, if appropriate.)

A. **Management practice** (management practice that sets or does not set examples to reinforce the values/beliefs embedded in the system)
   -

B. **Training adequacy** (training available or not available to guide or educate the employees into following the performance criteria)
   -

C. **System implementation** (well or badly organized to facilitate appropriate flow of the performance management cycle, e.g. goal-setting agreement, feedback dialogues, etc)
   -

D. **System integration** (well or badly integrated into the system that addresses employees needs or concerns such as compensation, recognition, career advancement, job security, employer-employee relations)
   -

E. **Culture** (fitting or unfitting the Chinese culture)
   -

Being cautious about whether the local Chinese respondents would be able to understand what the questions were asking in the survey questionnaire which was written in English, the friend who is a local Chinese citizen was specifically asked about whether the English language used for the questionnaire should be well understood by the target respondents and whether Chinese translation would be necessary. The feedback from her was that Chinese translation should be not
necessary because (a) the sentence structures and the vocabularies used to write up the questions were fairly simple and (b) the employees of most of the foreign firms in China, especially those participating companies which are actually quite well-known in China and hence are highly competitive in attracting and retaining highly educated talents, should have a fairly high proficiency level of English language. Taking together the matching characteristics of the pilot study participants; the tested relevance of the questions to this study; and the ease of the questions being literally understood by the respondents as already described above, the validity of the questionnaire was considered to have been better assured.

3.3.4 Population of Study

Nineteen foreign firms participated in the survey. Of these surveyed firms, the majority (8, 42.1%) were American firms, while only one (5.3%) was a Hong Kong company and three (15.8%) were Chinese companies with international presence. In terms of the respondents’ population, there were eighty-eight people representing the surveyed firms to participate in the survey. Of those respondents, the majority (48, 54.5%) worked in American firms, while eight (9.1%) were in Hong Kong companies and three (3.4%) in Chinese companies. The majority (47, 53.4%) worked in banking and finance while 18 (20.5%) worked in professional services. Many (43, 49.4%) of the participants worked for companies who had between 51-200 employees, however 18 (20.7%) reported having over 1000 employees. Many (38, 43.7%) participants reported team sizes between 11-30 while a 35 (40.2%) reported team sizes between 1-10. Of the participants, many reported professional (25, 28.7%) and supervisor (25,
28.7%) positions. Thirty-nine (44.8%) participants reported that the organisation’s top manager was of the same nationality as the parent company and 50 (59.5) reported that the nationality of the immediate supervisor/manager is Chinese National-local citizen. That means though the top manager belongs to the country, which is home country of the company, the majority of the employees are working under local (Chinese) managers. That means, the companies are using Chinese managers for the posts in middle management. Frequencies and percentages of the characteristics of participants are presented in Table 3.

Table 3: Characteristics of Participants

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Surveyed Firm’s Nationality</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>America</td>
<td>8</td>
<td>42.1</td>
</tr>
<tr>
<td>Australia</td>
<td>1</td>
<td>5.3</td>
</tr>
<tr>
<td>Chinese</td>
<td>3</td>
<td>15.8</td>
</tr>
<tr>
<td>Germany</td>
<td>1</td>
<td>5.3</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>1</td>
<td>5.3</td>
</tr>
<tr>
<td>British</td>
<td>2</td>
<td>10.5</td>
</tr>
<tr>
<td>Italy</td>
<td>1</td>
<td>5.3</td>
</tr>
<tr>
<td>Finland</td>
<td>1</td>
<td>5.3</td>
</tr>
<tr>
<td>Canada</td>
<td>1</td>
<td>5.3</td>
</tr>
<tr>
<td><strong>Surveyed Firms’ Respondents’ Population</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>American</td>
<td>48</td>
<td>54.5</td>
</tr>
<tr>
<td>Country</td>
<td>Count</td>
<td>Percentage</td>
</tr>
<tr>
<td>------------------</td>
<td>-------</td>
<td>------------</td>
</tr>
<tr>
<td>Australian</td>
<td>4</td>
<td>4.5</td>
</tr>
<tr>
<td>Chinese and Italian</td>
<td>4</td>
<td>4.5</td>
</tr>
<tr>
<td>German</td>
<td>6</td>
<td>6.8</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>8</td>
<td>9.1</td>
</tr>
<tr>
<td>British</td>
<td>5</td>
<td>5.7</td>
</tr>
<tr>
<td>Chinese</td>
<td>3</td>
<td>3.4</td>
</tr>
<tr>
<td>Canadian</td>
<td>1</td>
<td>1.1</td>
</tr>
<tr>
<td>Italian</td>
<td>1</td>
<td>1.1</td>
</tr>
<tr>
<td>Finland</td>
<td>1</td>
<td>1.1</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>8.0</td>
</tr>
</tbody>
</table>

**Industry**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking and finance</td>
<td>47</td>
<td>53.4</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>10</td>
<td>11.4</td>
</tr>
<tr>
<td>Professional services</td>
<td>18</td>
<td>20.5</td>
</tr>
<tr>
<td>Trading</td>
<td>1</td>
<td>1.2</td>
</tr>
<tr>
<td>Other</td>
<td>12</td>
<td>13.6</td>
</tr>
</tbody>
</table>

**Company size**

<table>
<thead>
<tr>
<th>Size</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-50</td>
<td>10</td>
<td>11.5</td>
</tr>
<tr>
<td>51-500</td>
<td>43</td>
<td>49.4</td>
</tr>
<tr>
<td>201-500</td>
<td>11</td>
<td>12.6</td>
</tr>
<tr>
<td>501-1000</td>
<td>5</td>
<td>5.7</td>
</tr>
<tr>
<td>Over 1000</td>
<td>18</td>
<td>20.7</td>
</tr>
</tbody>
</table>

**Team size**

<table>
<thead>
<tr>
<th>Size</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-10</td>
<td>35</td>
<td>40.2</td>
</tr>
<tr>
<td>Position</td>
<td>Count</td>
<td>Percentage</td>
</tr>
<tr>
<td>--------------------</td>
<td>-------</td>
<td>------------</td>
</tr>
<tr>
<td>Clerk</td>
<td>16</td>
<td>18.4</td>
</tr>
<tr>
<td>Professional</td>
<td>25</td>
<td>28.7</td>
</tr>
<tr>
<td>Supervisor</td>
<td>25</td>
<td>28.7</td>
</tr>
<tr>
<td>Manager</td>
<td>18</td>
<td>20.7</td>
</tr>
<tr>
<td>HR or personnel</td>
<td>3</td>
<td>3.4</td>
</tr>
</tbody>
</table>

**Organisation’s top manager’s nationality**

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Same as parent company</td>
<td>39</td>
<td>44.8</td>
</tr>
<tr>
<td>Chinese National-local citizen</td>
<td>19</td>
<td>21.8</td>
</tr>
<tr>
<td>Chinese National-Chinese oversees returnee</td>
<td>7</td>
<td>8.0</td>
</tr>
<tr>
<td>Chinese oversees returnee with foreign nationality</td>
<td>10</td>
<td>11.5</td>
</tr>
<tr>
<td>Other foreign countries</td>
<td>12</td>
<td>13.8</td>
</tr>
</tbody>
</table>

**Nationality of the immediate supervisor/manager**

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Same as parent company</td>
<td>10</td>
<td>11.9</td>
</tr>
<tr>
<td>Chinese National-local citizen</td>
<td>50</td>
<td>59.5</td>
</tr>
<tr>
<td>Chinese National-Chinese oversees returnee</td>
<td>3</td>
<td>3.6</td>
</tr>
<tr>
<td>Chinese oversees returnee with foreign nationality</td>
<td>8</td>
<td>9.5</td>
</tr>
<tr>
<td>Other foreign countries</td>
<td>13</td>
<td>15.5</td>
</tr>
</tbody>
</table>

Among the nineteen companies participating in the survey, sixteen (84%) of them are based outside of China. Of the entire respondents’ population, only
three (3.4%) come from the Chinese companies which have international presence while the rest is with the firms of which the parent companies are domiciled in the Western countries. Such a significant proportion of the respondents with exposures to foreign cultures show that the target population should be representative of the characteristics that are essential to study how foreign firms manage any cultural differences encountered by their Chinese operations and what these firms have actually done in determining their PM design. The industry and size of the participating companies are also studied because the researcher wants to ensure the distribution between large-sized and small-sized companies from different industries should not be imbalanced to the extent that the feedback to the survey might reflect more a kind of practices specific to certain industry or company size than the practices that have no bias against or prejudice to the contextual factors in terms of industry or size. Although the banking and finance sector represents slightly more than a half of the sampled population, the other half of the population coming from more than three other sectors should make a good balance of the industrial diversity. Besides, the company size is spread along the different ranges with each range having at least five or more companies. While the team size information only serves to help portray the average team composition in the participating firms, the data on the positions held by the respondents may help estimate the extent to which the respondents should have either undergone or conducted the PM process. The assumption is that individuals at the level of supervisor or above should have undergone a more formal PM process as an appraisee or appraiser to match the relatively higher job demand in terms of their responsibilities such as leading or managing people. The data on the table above show that 52.8% of the respondents are holding position of supervisor or above while the rest
belongs to the clerical or professional category, which may probably be subject to the PM process as well. As such, this may suggest that the sampled population should be responding with the feedback that should be valid and reliable by merit of the respondents’ actual experience and basic knowledge of their companies’ PM process. With regard to the nationality of the top manager and the immediate supervisor/manager respectively, the reported data show that close to half (44.8%) of the participating companies tend to send their expatriate managers from the home country whereas more than half (59.5%) of the participating companies opt to put the Chinese managers to the middle management positions.

3.3.5 Sample size

Apart from conducting the above preliminary analysis and pilot study to enhance the validity and reliability of the research questions, the author also had to determine the sample size that should be desired for supporting the representativeness of the sample chosen. As mentioned in Chapter One, this research will take both the quantitative and qualitative approach in order to add more insights to the findings concluded from the survey. In determining the sample size for the respective approach, the author has taken into the account the followings:

For determining the sample size for the quantitative survey, the author tended to set his acceptable level of precision at a percentage which should be agreeable to the common research standard. According to Fleming & Nellis (1996), it is common to choose a 95% confidence level, i.e. an interval that there is a 95%
chance that it will contain the population parameter. Triola (2007) also suggests that the choice of 95% (with $\alpha = 0.05$) for the confidence level is most common because it ‘provides a good balance between precision (as reflected in the width of the confidence level) and reliability (as expressed by the confidence level)’ and ‘the confidence level gives us the success rate of the procedure used to construct the confidence interval’ (p. 322). Along the afore-said common research standard, the author had identified the criteria that aimed to attain an acceptable precision level as consisting of a 95% confidence level, a 5% allowance for sampling error, and a 50% level of precision as the minimum percentage for the estimated proportion of success. Putting those criteria together to seek the acceptable level of precision, the desirable sample size can be calculated by the following formula, which has been suggested by some research scholars (e.g. Zikmund, 2010; Donnelly, 20213; Moser and Kalton, 1972) to work out the sample size needed to estimate the population proportion:

$$n = \frac{Z^2 p (1 - p)}{E^2}$$

$$n = \frac{(1.96)^2 (0.5) (1 - 0.5)}{(0.05)^2}$$

$$n = 384$$

Where

$n = \text{number of items in sample}$

$Z^2 = \text{square of the confidence level standard error units}$

$P = \text{estimated proportion of success}$

$(1 - p) = \text{estimated proportion of failures}$

$E^2 = \text{square of the maximum allowance for error between the true}$
proportion and the sample proportion, or $Z^2$

Based on the above calculation, for the author to be 95% confident that the sample percentage is within 5 percentage points of the true percentage for the foreign forms in China, he should randomly select and survey 384 companies. However, given the cost and time limitations about which the author had explained in Chapter One, the sample size derived above would be so huge that it could only create a kind of unrealistic mission for the author against the time and resource constraints being encountered.

Although the author had considered building a sample size at a few percent of the target population so that the relationship between the sample size and the population could be explained by a ratio that looked mathematically sensible, the fact that there were 300,000 foreign firms having invested in China as of 2010 (Facts and Details, 2010) meant that a sample size of even just one percent of this population would require the research to cover 3,000 companies. On the other hand, it has been suggested that when the size of the population is large there is no need to consider population size when calculating sample size (Bordens & Abbott, 2008). Zikmund et al (2010) also point out that ‘in most cases the size of the population does not have an effect on the sample size’ (p.433). As Bryman (2001) suggests, sample size decision is not a straightforward one and it depends on a number of considerations, which may be affected by time and cost constraints. Kish (1995) also advises that ‘exact control of sample size is unnecessary and impossible’ (p. 217) and therefore the aim should be for an approximate control that is both feasible and desirable. Taking together the presence of the time and resource limitations and the absence of effect on the sample size due to the population being overwhelming, the
author has decided to choose those 19 companies which he was able to connect with as the randomly selected samples for the quantitative survey research on the ground of both practicality and viability.

As for the sample size for the qualitative study, the author has engaged with one MNC, the Jardines, and invited its Head of Human Resources and a trainee based in China for interviews. Considering that there is little research and knowledge of the phenomena that may affect any relationship between Chinese culture and the PM systems used by foreign firms in China, the selection of the Jardines involving their Group Head of Human Resources and a young trainee based in China is regarded as appropriate because (1) the Jardines has a long history and significant presence in China and therefore should be highly experienced and qualified to provide supplementary comments on the general business practices in China knowledge; and (2) its structure comprising a group of companies with a wide range and scope of businesses allows the research to cover a diversity of industries and employee compositions for which the business systems and management practices may differ and thus provide pluralistic insights into the underlying cause and effect of any specific systems and practices like PM systems and HRM practices. Also, the invitees to the data collection interviews are deemed competent enough to answer the research questions with reliable information needed for the purpose of this study. In fact, the Group Head of Human Resources has solid experiences in overseeing the China market and has been a notable guest speaker on HRM and cultures in the HR field for years. So, his experience-based information will be valued in terms of the insights to be added to the study or analyses of any phenomena that are either ambiguous or subjected to different interpretations. As for the trainee who is based in China,
his home-grown knowledge of the indigenous Chinese societal norms and the acquired knowledge of the foreign cultures learnt through both overseas education and employment in the Jardines have just made him the right person to provide supplementary information about how the younger generations in China assess the features of the foreign firm’s PM systems vis-à-vis the Chinese cultural values.

By doing this post-survey qualitative research involving participants with recognized China experience, Chinese business and HRM knowledge, and acquired Chinese cultural sense by birth, the purpose of exploring more empirical comments and/or evidences to cross-examine the theoretical assumptions and to assess or verify any ambiguous; reinforcing; or otherwise conflicting survey responses should be able to be met. The critical elements needed to make this qualitative study produce more utility for any interested foreign firms thinking of locating in China are therefore underlined by the participants’ quality in terms of their expertise and attitude in furnishing as much experience-based, market-informed, and culture-sensitive information as possible. It is more the afore-said quality of the participants than the number of participants and hence interviews that determines the value that any readers of this study report should be looking for. As briefly mentioned in Chapter One, the Jardines has a long history of significant business connections and presence in China. Having its Group Head of Human Resources who is a celebrity in his profession and a trainee who is indigenous to Chinese culture as the respondents for the qualitative study, there should be a reasonable amount of credibility in terms of their expert knowledge and practical experience to qualify their information, data, and responses as a substantial utility for any interested parties,
be they the foreign firms or academic researchers, to use for studying the implications of Chinese culture on PM formulation. Ritchie, Lewis and Elam (2003) conclude that as a study goes on with more data collected it does not necessarily lead to more information as there is a point of diminishing return to a qualitative sample. Onwuebbuzie & Leech (2007) also suggest that sample sizes in qualitative research should not be too large that it is difficult to extract thick, rich data. As such, the sampled population in this study is considered appropriate.

3.4 Data Collection

As this research took both the quantitative and qualitative methods, the collection of data was done by questionnaire survey and qualitative interviews respectively.

For the survey, questionnaires were distributed to as many foreign corporations located in China as possible. As China’s culture is characterised by personal relationships, the questionnaires could reach the identified foreign firms vastly through personal connections to seek their participation in the survey. To start the network transmissions, the author had to identify and appoint a research informant who would be able to obtain agreement from as many foreign companies in China as possible for distributing the questionnaires to their employees. Eventually, a congenital local Chinese individual based in Guangzhou and who had been the author’s colleague for years agreed to act as the research informant to pull together a group of people working across the cities covering Beijing, Guangzhou, Shanghai and Shenzen in China. The author had written a letter requesting the survey participants to respond to the questionnaire
while the appointed research informant would on behalf of the author relay such a letter, together with the questionnaires, to the respondents due to their geographical dispersion.

The questionnaire (Appendix A) had been designed to be descriptive and analytical with emphasis on revealing whether the company’s PM practices were shaped by any of the specific variables representing a particular set of cultural orientations, values, or strategies, policies, or requirements of the company. Through such question set-up, it was expected that the questionnaire, which consisted of seventeen (17) questions, should be able to provide very important information necessary for this study. Nevertheless, precaution had been taken upon setting the questions so as to avoid ambiguity or misinterpretation of the questions. Logical order of causation, relevance to the topic being studied, and clear definition of any jargons had been made available where necessary.

For the qualitative interviews, data were collected via a two-step approach. The first step was a preliminary meeting with the Jardines’ Group Head of Human Resources to solicit his participation in this research by explaining to him face to face about the objective of the study. At the same time, request was made to him for some company materials to be provided to the author in connection with the Jardines’ PM practices employed by its affiliated companies in China so that a study of the Jardines’ PM formulation and possible considerations of the Chinese cultural impact could be made as well. Furthermore, there was a discussion on the possibility of interviewing any employee based in China so as to obtain a second-party view on the adequacy of the Jardines’ PM practices in meeting the local Chinese employees’ expectations from the perspective of
cultural match. The second step was a formal interview respectively with the Group Head of Human Resources and the local Chinese employee, who turned out to be a trainee, to collect responses to the questions which aimed to serve two purposes. One purpose was to seek their knowledge- and/or experience-based viewpoints to clarify certain survey findings or even uncover or illuminate any information that may be found missing or ambiguous in the survey responses. Another purpose was to review the Jardines’ PM practices in China to explore if there should be any best practices that might have been developed to deal with any cultural issues encountered in China. By taking the above two-step approach in this qualitative study, it was hoped that more valuable insights from an experienced human resources professional and a congenital Chinese worker could be obtained to generate more comprehensive or even new knowledge to help critique any existing theoretical propositions or explore new theoretical arguments for further review or research in the future.
4. What Do the Respondents Say About Culture?

4.1 Introduction

This chapter outlines the methodology with which the survey results are analysed and shows the outcomes of the research questions concerning the relationship between the Chinese culture and the firm culture of foreign firms in China. The study of the relationship covers the assessment of the compatibility of the Chinese culture and the firm culture, and the effectiveness of their prevailing PM practices, for the subsequent study in the Conclusion Chapter as to whether these firms take the Chinese culture into consideration upon their formulation of the PM practices. Parallel to that assessment, the respondents’ evaluation of what may cause the effectiveness of PM practices will also be made. By reviewing these results, the author aims to further verify whether Chinese culture dominates foreign firms’ considerations in the design of foreign firms’ PM practices in China.

4.2 Data Analyses

4.2.1 Quantitative analyses

In addition to using hypothesis testing to analyse the data, descriptive statistics would be conducted involving calculation of the frequencies and percentages for the categorical or nominal data while the means and standard deviations would as well be calculated for interval/ratio data. There would be altogether fourteen
research questions to be examined for digging out the status of the level of acceptance, adoption, or opposition of any performance characteristics known to the employees of the survey participating companies. As discussed in the literature chapter on PM, performance is synonymous with behaviour (Campbell et al, 1993). The performance variables that would be used to examine the Chinese cultural orientations would therefore be established using some generic performance characteristics or individual behaviours as the measurement of performance. To ensure the magnitude of each cultural orientation reflected by a particular performance characteristic could become measurable and comparable along a relevant benchmark, the designated variables of performance characteristics would be grouped in pairs to sit in a continuum of cultural dimensions with each variable representing the polar end of a cultural orientation against the other. For examples, harmony will be paired with debates and individual decisions will be paired with group decisions. This pattern of grouping would be applied to structuring the questions for the survey respondents’ choice or feedback. The results derived from the tests and statistics would be analysed with regard to the usage of any particular performance characteristics as focus of the performance expectations relevant to or implying the cultural orientations that underpin the core values mirrored in the firms’ PM systems and practices.

Prior to conducting the quantitative analysis of the data collected from the survey, the assumptions of a t-test were examined. A preliminary Kolmogorov-Smirnov (KS) test was conducted to assess normality (i.e. how likely an underlying random variable is to be normally distributed) and the Levene’s test was done to assess equality of variance (i.e. variances are equal or homogeneous across groups or samples). As the results of the KS test and the Levene’s test showed that the
$p$-value was less than the critical value of 0.05, it could be concluded that the t-test assumptions for normality and equality of variance were not met. The respective result of the KS test and Levene’s test is given in Table 4 and Table 5 below.

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Statistic</th>
<th>df</th>
<th>$p$</th>
</tr>
</thead>
<tbody>
<tr>
<td>PMP total score</td>
<td>Business results</td>
<td>0.12</td>
<td>56</td>
</tr>
<tr>
<td></td>
<td>People engagement</td>
<td>0.32</td>
<td>11</td>
</tr>
<tr>
<td>PMP total score</td>
<td>Compliance</td>
<td>0.13</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>Commitment</td>
<td>0.14</td>
<td>45</td>
</tr>
<tr>
<td>PMP total score</td>
<td>Organisational needs and concerns</td>
<td>0.12</td>
<td>54</td>
</tr>
<tr>
<td></td>
<td>Employees needs and concerns</td>
<td>0.17</td>
<td>14</td>
</tr>
<tr>
<td>PMP total score</td>
<td>Outputs</td>
<td>0.12</td>
<td>55</td>
</tr>
<tr>
<td></td>
<td>Behaviors</td>
<td>0.19</td>
<td>21</td>
</tr>
<tr>
<td>PMP total score</td>
<td>Individual decision</td>
<td>0.25</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Group decision</td>
<td>0.09</td>
<td>67</td>
</tr>
<tr>
<td>PMP total score</td>
<td>Harmony</td>
<td>0.13</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td>Debates</td>
<td>0.23</td>
<td>17</td>
</tr>
<tr>
<td>PMP total score</td>
<td>Give top down directions</td>
<td>0.20</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>Encourage employees participation</td>
<td>0.14</td>
<td>45</td>
</tr>
<tr>
<td>PMP total score</td>
<td>Business ethics</td>
<td>0.14</td>
<td>63</td>
</tr>
<tr>
<td></td>
<td>Business returns</td>
<td>0.17</td>
<td>11</td>
</tr>
</tbody>
</table>

* This is a lower bound of the true significance (because an exact $p$-value could not be calculated due to the sample size).
### Table 5: Levene’s Tests to Assess Equality of Variance

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>PMP total score</td>
<td>Business results</td>
<td>7.39</td>
</tr>
<tr>
<td>People engagement</td>
<td>Compliance</td>
<td>0.82</td>
</tr>
<tr>
<td>Commitment</td>
<td>Organisational needs and concerns</td>
<td>8.21</td>
</tr>
<tr>
<td>Employees needs and concerns</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outputs</td>
<td>Individual decision</td>
<td>5.39</td>
</tr>
<tr>
<td>Behaviors</td>
<td>Group decision</td>
<td></td>
</tr>
<tr>
<td>Harmony</td>
<td>Give top down directions</td>
<td>4.93</td>
</tr>
<tr>
<td>Debates</td>
<td>Encourage employees participation</td>
<td></td>
</tr>
<tr>
<td>Business ethics</td>
<td>Business returns</td>
<td>0.94</td>
</tr>
</tbody>
</table>

As the above tests concluded that the data were not from a normally distributed population and there was a difference between the variances in the population, the non-parametric equivalent of a t-test, Mann-Whitney U test, was used to analyse each set of the data. According to Pallant (2010), for a sample size of less than thirty (n < 30), the Mann-Whitney U test, the non-parametric equivalent of the independent sample t-test, is the appropriate statistic when normality and homogeneity have been violated. Vercruyssen & Hendrick (2012) also suggest that the Mann-Whitney U test is a good alternative to the t-test when the sample size is very small because this test
does not require the assumptions of normality of the underlying distribution and homogeneity of variance.

4.2.2 Qualitative Analyses

Qualitative analyses were conducted covering both theoretical implications and empirical observations reflected by the survey and, where appropriate, interview findings. Still, the analyses relating to the results of the hypothesis tests would associate more with Hofstede’s cultural dimensions because, as already explained in Chapter One, those dimensions formed the core subject in terms of the theory to be reviewed. Accordingly, questions 14Aiii - vi ~ Hiii – vi will be used to find out the aggregate PM focus of the participating firms and the respondents’ perception of the Chinese culture’s characteristics. Responses to those questions will help explore the extent to which the PM focus bears any considerations of local culture’s alignment by studying the similarities or differences identified between the firms’ aggregate PM focus and the Chinese culture using hypothesis tests and descriptive statistics. To that end, the firms’ PM focus for each group of performance variables will be translated into one of Hofstede’s cultural dimensions using categorisation of the selected performance characteristics against the cultural values towards which such characteristics are understood to be oriented.

As mentioned above, Hofstede’s cultural dimensions would be used to help discuss the cultural considerations of a firm’s PM focus along the use of categorisation of the performance characteristics that the author had selected for studying the implications of any cultural impact. As such, Hofstede’s cultural
index scores corresponding to the survey firms’ nationalities and the
categorisation of cultural orientations for performance characteristics are given
respectively as per Figure 1 and Illustrative Table 1 below so as to facilitate
discussions and examinations of the cultural orientations and their relevance to the
performance characteristics:

**Figure 1: Hofstede’s Cultural Index and Scorings**

<table>
<thead>
<tr>
<th>Country</th>
<th>PDI</th>
<th>IDV</th>
<th>MAS</th>
<th>UAI</th>
<th>LTO</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>80</td>
<td>20</td>
<td>66</td>
<td>30</td>
<td>118</td>
</tr>
<tr>
<td>Australia</td>
<td>36</td>
<td>90</td>
<td>61</td>
<td>51</td>
<td>31</td>
</tr>
<tr>
<td>Germany</td>
<td>35</td>
<td>67</td>
<td>66</td>
<td>65</td>
<td>31</td>
</tr>
<tr>
<td>Finland</td>
<td>33</td>
<td>63</td>
<td>26</td>
<td>59</td>
<td>41</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>68</td>
<td>25</td>
<td>57</td>
<td>29</td>
<td>96</td>
</tr>
<tr>
<td>Italy</td>
<td>50</td>
<td>76</td>
<td>70</td>
<td>75</td>
<td>34</td>
</tr>
<tr>
<td>U.K. (British)</td>
<td>35</td>
<td>89</td>
<td>66</td>
<td>35</td>
<td>25</td>
</tr>
<tr>
<td>Canada</td>
<td>39</td>
<td>80</td>
<td>52</td>
<td>48</td>
<td>23</td>
</tr>
<tr>
<td>U.S. (America)</td>
<td>40</td>
<td>91</td>
<td>62</td>
<td>46</td>
<td>29</td>
</tr>
</tbody>
</table>

adapted from Hofstede, 2001:502)
Details of the categorisation and explanation about each performance characteristic’s relevance to the cultural orientations being mapped are given in Illustration Table 1 below:

**Illustration Table 1: Categorisation of Cultural Orientations for Performance Characteristics**

<table>
<thead>
<tr>
<th>Performance Characteristics</th>
<th>Cultural Orientations (based on Hofstede’s Cultural Model)</th>
<th>Justification of the categorisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Results</td>
<td><strong>Short-term Orientation</strong> Vs. <strong>Long-term Orientation</strong></td>
<td>(STO) Business Results reflect past performance and are relatively shorter-term when compared with forward-looking activity like staff development or engagement.</td>
</tr>
<tr>
<td>People Engagement</td>
<td>businesses refer to “fostering of virtue related to the past (short term) or oriented towards future rewards, in particular, perseverance and</td>
<td>(LTO) People engagement requires the employer or the leader to build a long-term relationship and trust such that the employee concerned will develop a commitment to the organisation and its values leading</td>
</tr>
</tbody>
</table>


<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>thrift (long term)” (Hofstede 2001) to a sustainable organisational citizenship which is likely to last beyond a performance year.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compliance</td>
<td>Uncertainty Avoidance</td>
<td>(High UA) Compliance requires employees to follow directions to minimize deviation or risk arising from such deviation or breach of rules reflect high uncertainty avoidance.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The extent that members of that culture feel comfortable with unknown situations (Hofstede, 2001)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitment</td>
<td></td>
<td>(Low UA) Commitment requires confidence/trust and persistency to do the work assigned and hence relatively lower uncertainty avoidance.</td>
<td></td>
</tr>
<tr>
<td>Organisational needs and concerns</td>
<td>Masculinity Vs. Femininity</td>
<td>(Mas) Focus on organisational needs and concerns reflects a situation in which the firm values success, which may override other things and is therefore a sign of masculinity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>refers to “dominant gender role patterns in societies” (Hofstede, 2001)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee needs and concerns</td>
<td>Caring for employee needs and concerns reflect a firm's caring for others' quality of life</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
and hence has a disposition towards femininity

| Outputs | **Short-term Orientation**
| **Vs.**
| **Long-term Orientation**
| refers to “fostering of virtue related to the past (short term) or oriented towards future rewards, in particular, perseverance and thrift (long term)”
| (Hofstede 2001)
| (STO) Demand on outputs places emphasis on the employees’ display of the ability to complete tasks and achieve results within a specified, normally shorter-term and foreseeable, period of time.

| Behaviours | **Individualism**
| **Vs.**
| **Collectivism**
| The degree to which people in societies prefer to act as individuals
| (Ind) Advocate of individual decisions attaches values to personal interests and autonomy
| (LTO) Focus on behaviours accentuates the importance of the employees’ display of the attributes including work attitude that should assure consistency and longer-term persistency in searching for virtue desired by the organisation.

| Individual decisions | Group decisions
| **(Ind)** Advocate of individual decisions attaches values to personal interests and autonomy
| **(Col)** Focus on group decisions puts values on group responsibility and actions
rather than as members of groups (Hofstede 2001)

<table>
<thead>
<tr>
<th>Harmony</th>
<th>(Fem) Harmony is concerned with maintaining social relationships through the use of modest responses which show caring for others and therefore reinforces perception of quality of work life</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Femininity</strong> Vs. <strong>Masculinity</strong></td>
<td>(Mas) As debates may carry the aim of winning or persuading others against the risk of undermining the relationship with colleagues. As such, it enhances ego through competition, assertiveness, and toughness.</td>
</tr>
<tr>
<td>Debates</td>
<td>refers to “dominant gender role patterns in societies” (Hofstede, 2001)</td>
</tr>
<tr>
<td>Give top-down directions</td>
<td>(High PD) Existence of high power distance to a considerable degree permits the person of higher authority to be in control or rule under autocracy</td>
</tr>
<tr>
<td>Encouraged</td>
<td>(Low PD) Lower power distance</td>
</tr>
</tbody>
</table>
employees’ participation in institutions and organisations is distributed unequally” (Hofstede, 2001)

gives employees the comfort in expressing their opinions and manager cultivates the climate for employees to participate in discussions

<table>
<thead>
<tr>
<th>Business ethics</th>
<th>Short-term Orientation Vs. Long-term Orientation</th>
<th>(LTO) Business ethics is concerned with the company reputation or goodwill which is considered as a kind of long-term asset of a company, so the focus on it reflects a long-term orientation.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>refers to “fostering of virtue related to the past (short term) or oriented towards future rewards, in particular, perseverance and thrift (long term)” (Hofstede 2001)</td>
<td>(STO) Business returns are typically pegged with a company’s financial target for a year, so the focus on it can be seen as short-term oriented.</td>
</tr>
</tbody>
</table>

Referring to Illustration Table 1 where categorisation of cultural orientations for performance characteristics had been made and given justifications, interpretation of the survey findings and their implications to the theoretical
debates could be discussed for the survey questions 14Aiii – Hiii which aimed
to explore the extent to which the participating firms’ PM focus differed from
or resembled to the Chinese cultural orientations.

4.2.3 Questions on employees’ perception of firms’ PM focus and Chinese cultural
features for assessing their link

The question as to whether there should be any impact of Chinese culture on firms’
PM formulation was investigated using questions 14A-H iii-vi from the survey.
Question 14 states, “In performing their duties and responsibilities, employees
may be advised, explicitly or not, of the purposes/achievement focus that their
performance is expected to fulfill.” Participants were instructed to respond to
items using a five-point Likert type scale (‘1’ indicates the lowest degree and ‘5’
indicates the highest degree). In each question, subsection item iii obtained
information as to a participant’s choice of one of the two categories describing
his/her organisation while the follow-up subsections iv to vi pertained to the
participant’s perception of what both the Chinese culture and the participating
firms’ aggregate culture were like in terms of their acceptability to the state-owned
enterprises, the local business market’s practice, and the socio-culture of China.
By being organized in this manner, the results would be used to gauge the level of
congruence between the PM practices and the local culture and to explore if there
could be evidences implying any considerations of cultural alignment and thus the
impact of Chinese culture on the firms’ PM design.

**Research Question 1**

RQ1: Is there a statistically significant difference in PM focus variance scores by
culturally comparative group (business results vs. people engagement)?

**H1₀:** There is not a statistically significant difference in performance management practice scores by group (business results vs. people engagement).

**H1₁:** There is a statistically significant difference in performance management practice scores by group (business results vs. people engagement).

**Cultural Dimension’s categorisation**

‘Business results’ and ‘People engagement’ have been grouped as variables relevant to the cultural dimension of short-term orientation (“STO”) vs. long-term orientation (“LTO”) under the Hofstede’s cultural model by the reason as follows:

- Business results are by and large linked with a company’s performance indicator which on the one hand is understood to be a short-term goal that is invariably set to navigate the company’s growth rate year to year and yet may on the other be categorically defined as a long-term goal when accompanied by a plan that directs actions for achieving some specific targets along a longer milestone that may generally span across three to five years. However, the author would argue that more often than not the focus on business results carries the inclination towards a STO due to its definition of performance being narrowed down to financial achievement against such wider business success factors as people, learning, and operational measures. In the case studies quoted by Rowley and Cooke (2010) pointing to the change in PM elements of the relevant systems in
different companies across different industries in China, a system’s focus on results is described in parallel as “short-term achievements” (p.166). In his 2009 study of 65 private firms about the use of performance appraisal scheme, Cooke also pointed to the performance target being set on an annual basis as “short-term oriented” and noted the move of performance targets by the CEO of a real estate firm from an annual to a three-year target as a “longer-range target” (Cooke, 2012: 69-70). This also resonates the author’s view that business results in general reflect a STO in managing performance. ‘People engagement’ is considered to be representing a long-term, or at least a longer-term, culture because it requires the employer or the leader to build a long-term oriented relationship and trust such that the employee concerned will develop a commitment to the organisation and its values leading to a sustainable organisational citizenship which is likely to last beyond a performance year. The Corporate Leadership Council defines employee engagement as ‘The extent to which employees commit to something or someone in their organisation, how hard they work and how long they stay as a result of that commitment.’ (Storey et al 2009, p. 127). Shaw (2005) defined engagement as ‘translating employee potential into employee performance and business success’ (Storey et al 2009, p.127). So, effective engagement measures that keep the employees motivated and satisfied may lead to employees showing willingness to dedicate their career to the organisation; stay focused on their work; and strive for business success which is relentlessly a long-term goal for every organisation.
Findings on employees’ perception of firms’ PM focus versus Chinese culture

(a) Firms’ PM Focus perceived by the employees

*Business Results vs. People Engagement*

PM focus question 14Aiii stated, “When both business results and people engagement count and the situation requires management choice of focus, which (business results or people engagement) ranks higher?” For this question, 11 (15.9%) participants responded people engagement and the majority, 58 (84.1%), responded that business results rank higher in terms of performance expectations.

(b) Chinese Culture by employees’ observations

Results of the ‘Chinese culture’ question 14A iv-vi are presented in Table 6.

A bar chart for business results vs. people engagement is presented in Chart 1.

**Table 6: Frequencies and Percentages on Business Results and People Engagement**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Business</th>
<th>People engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$n$</td>
<td>%</td>
</tr>
<tr>
<td>State-owned enterprises</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>28</td>
<td>68.3</td>
</tr>
<tr>
<td>Not acceptable</td>
<td>3</td>
<td>7.3</td>
</tr>
<tr>
<td>Already in use</td>
<td>10</td>
<td>24.4</td>
</tr>
</tbody>
</table>
Local business market practices

<table>
<thead>
<tr>
<th></th>
<th>Acceptable</th>
<th>Not acceptable</th>
<th>Already in use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>37</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>Percentage</td>
<td>72.5%</td>
<td>3.9%</td>
<td>23.5%</td>
</tr>
<tr>
<td>Value</td>
<td>1</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>Percentage</td>
<td>10.0%</td>
<td>0.0%</td>
<td>90.0%</td>
</tr>
</tbody>
</table>

Socio-culture of China

<table>
<thead>
<tr>
<th></th>
<th>Acceptable</th>
<th>Not acceptable</th>
<th>Already in use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>34</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Percentage</td>
<td>75.6%</td>
<td>13.3%</td>
<td>11.1%</td>
</tr>
<tr>
<td>Value</td>
<td>0</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Percentage</td>
<td>0.0%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Chart 1. Bar chart for business results vs. people engagement**

**Business Results as Focus**

Question 14Aiv stated, “Do you believe this feature is acceptable to the state-owned enterprises in China?” Of the 58 participants who responded that business results are management choice of focus, 41 (70.7%) responded to question 14Aiv. Of the 41 that responded, the majority (28, 68.3%) replied that it is acceptable and 10 (24.4%) said it is already in use. Three (7.3%) participants replied that business results were not acceptable. Question 14Av
stated, “Do you believe that this feature is acceptable to the local business market’s practice?” Of the 58 participants who responded that business results are management choice of focus, 51 (87.9%) responded to question 14Av. Of the 51 that responded, the majority (37, 72.5%) replied that it is acceptable and 12 (23.5%) said it is already in use in the local business market’s practice. Two (3.9%) participants replied that business results were not acceptable to the local business market’s practice. Question 14Avi stated, “Do you believe that this feature is acceptable to the socio-culture of China?” Of the 58 participants who responded that business results are management choice of focus, 45 (77.6%) responded to question 14Avi. Of the 45 that responded, the majority (34, 75.6%) replied that it is acceptable and five (11.1%) said it is already in use in the socio-culture of China. Six (13.3%) participants replied that business results were not acceptable to the socio-culture of China.

‘Business results’ as PM focus was consistently acceptable to and in fact prevailing in the ‘local environment that comprised the state-owned enterprises (“SOEs”), local business market’s practice, and socio-culture of China’ (the “Local Environment”). Only a very negligible number of respondents thought this focus was not acceptable to the Local Environment. Being categorised as short-term oriented using Hofstede’s cultural dimension, this criterion appeared to be widely practiced as a PM focus disregard its theoretical misalignment with the LTO Chinese culture.

People Engagement as Focus

Question 14Aiv stated, “Do you believe this feature is acceptable to the state-owned enterprises in China?” Of the 11 participants who responded that
people engagement is management choice of focus, seven (63.6%) responded to question 14Aiv. Of the seven that responded, all (7, 100%) of them felt that people engagement is not acceptable to the state-owned enterprises in China. Question 14Av stated, “Do you believe that this feature is acceptable to the local business market’s practice?” Of the 11 participants who responded that people engagement is management choice of focus, 10 (90.9%) responded to question 14Av. Of the 10 that responded, the majority (9, 90.0%) replied that it is already in use in the local business market’s practice. One (10.0%) participant replied that business results were acceptable to the local business market’s practice and none (0.0%) replied that it is not acceptable. Question 14Avi stated, “Do you believe that this feature is acceptable to the socio-culture of China?” Of the 11 participants who responded that people engagement is management choice of focus, 10 (90.9%) responded to question 14Avi. Of the 10 that responded, all (10, 100%) replied that it is already in use in the socio-culture of China.

‘People Engagement’ as PM focus was found to be not acceptable to the SOEs and there were only a very small number of respondents who thought that this PM variable was being practiced in the local market and even the society in China. Being categorised as LTO by culture, its value as a PM variable was taken lightly as its adoption appeared to be low not only among the foreign firms but also in the Local Environment.

(c) Hypothesis Test Result

The Mann-Whitney U test revealed no significant differences in PM focus
variance scores between business results ($Md = 3.00, n = 56$) and people engagement ($Md = 2.83, n = 11$), $U = 242.50, z = -1.12, p = .264$. The null hypothesis cannot be rejected; there is not a statistically significant difference in PM focus variance scores by group (business results vs. people engagement). The results of the Mann Whitney $U$ tests are summarized in Table 7.

**Table 7: Mann-Whitney U Tests for PM Focus Variance Scores by Group**

(*Business Results vs. People Engagement*)

<table>
<thead>
<tr>
<th>U Test</th>
<th>$U$</th>
<th>$p$</th>
<th>Mean Rank</th>
<th>Sum of Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business results</td>
<td>242.50</td>
<td>.264</td>
<td>32.83</td>
<td>1838.50</td>
</tr>
<tr>
<td>People engagement</td>
<td></td>
<td></td>
<td>39.95</td>
<td>439.50</td>
</tr>
</tbody>
</table>

(d) Implications of the findings (a), (b) and (c) above

With the majority of responses revealing their firms’ PM focus on business results and acknowledging that such a focus was acceptable to the SOEs and even the socio-culture of China, this might imply three possible scenarios. One was that business results were valued by both Chinese and foreign firms. The second was that the foreign firms found themselves well-placed for applying business results as the PM focus given the acceptability being well received by the SOEs. The last was that the firms simply applied their home practices disregard the cultural mismatch, if any, with Chinese culture.
Hofstede’s Cultural Index suggests that China’s LTO is high at the score of 118 while the other Western countries in this study, excluding Hong Kong, fall into a rather low range of scores that sits between 29 and 41. Obviously, business results were given high weightings of importance as they in general should constitute the ultimate objective of running a business and holding accountability to the shareholders. Besides, with the majority of the participating firms carrying the STO character according to Hofstede’s Cultural Index, the survey findings described above either reflected the foreign firms’ dominant use of their PM focus in favour of their objectives or suggested that China’s LTO culture might be ‘beaten’ by the STO business results in the commercial setting.

Nevertheless, the hypothesis test showed an insignificant difference in the PM focus between business results and people engagement. This could imply that the respondents’ perceptions of the PM focus or the Chinese cultural features might vary. Another possible implication might be that the foreign firms, and the SOEs too, could be employing a strategy that might rank one performance variable higher than the other depending on the priority of the business or people issues in any particular year. For an example, a year with a high employer turnover should justify more attention to the engagement measures while a year planned for inviting more shareholders’ investments should demand more distinguishable results, etc. As far as cultural orientation is concerned, such an approach of ranking a variable higher or lower might as well imply that cultural alignment should be favoured only if the best commercial interests to an organisation would not be compromised.
Research Question 2

RQ2: Is there a statistically significant difference in PM focus variance scores by culturally comparative group (compliance vs. commitment)?

H2₀: There is not a statistically significant difference in performance management practice scores by group (compliance vs. commitment).

H2ₐ: There is a statistically significant difference in performance management practice scores by group (compliance vs. commitment).

Cultural Dimension’s categorisation

‘Compliance’ and ‘Commitment’ have been grouped as variables relevant to the cultural dimension of Uncertainty Avoidance (UA), i.e. high uncertainty avoidance vs. low uncertainty avoidance, under the Hofstede’s cultural model by the reason as follows:

• Compliance is seen as having a high UA cultural nature because it requires employees to follow managers’ or company directions to minimise undesirable acts or risks arising from any breach of rules or policies. Commitment stands on the low side of the same cultural dimension because it requires confidence/trust and persistency to do the work assigned and hence relatively lower UA. Besides, commitment emphasises the importance of one’s undertaking to accomplish a job by all reasonable means including the exercise of extraordinary efforts as and when necessary. Such an undertaking can be sustainable only if one attaches values to working along his/her targets or even beliefs and is therefore not to be deterred or suppressed by the fear of uncertainty or even resistance from any
rule-based management culture.

Findings on employees’ perception of firms’ PM focus versus Chinese culture

(a) Firms’ PM Focus perceived by the employees

*Compliance vs. Commitment*

PM focus question 14Biii stated, “When both compliance and commitment count and the situation requires management choice of focus, which (compliance or commitment) ranks higher?” For this question, 27 (36.5%) participants selected compliance, while the majority (47, 63.5%) responded that commitment ranks higher in terms of performance expectations.

(b) Chinese Culture by employees’ observations

Results of the ‘Chinese culture’ question 14B iv-vi are presented by focus (compliance vs. commitment) in Table 8. A bar chart for compliance vs. commitment is presented in Chart 2.

*Table 8: Frequencies and Percentages on Compliance and Commitment*

<table>
<thead>
<tr>
<th>Variable</th>
<th>Compliance</th>
<th>Commitment</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n</td>
<td>%</td>
<td>n</td>
<td>%</td>
</tr>
<tr>
<td>State-owned enterprises</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>8</td>
<td>53.3</td>
<td>17</td>
<td>68.0</td>
</tr>
<tr>
<td>Not acceptable</td>
<td>0</td>
<td>0.0</td>
<td>5</td>
<td>20.0</td>
</tr>
<tr>
<td>Already in use</td>
<td>7</td>
<td>46.7</td>
<td>3</td>
<td>12.0</td>
</tr>
</tbody>
</table>
Local business market practices

<table>
<thead>
<tr>
<th></th>
<th>Compliance</th>
<th>Commitment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acceptable</td>
<td>6</td>
<td>33.3</td>
<td>38</td>
</tr>
<tr>
<td>Not acceptable</td>
<td>7</td>
<td>38.9</td>
<td>1</td>
</tr>
<tr>
<td>Already in use</td>
<td>5</td>
<td>27.8</td>
<td>1</td>
</tr>
</tbody>
</table>

Socio-culture of China

<table>
<thead>
<tr>
<th></th>
<th>Compliance</th>
<th>Commitment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acceptable</td>
<td>11</td>
<td>64.7</td>
<td>20</td>
</tr>
<tr>
<td>Not acceptable</td>
<td>1</td>
<td>5.9</td>
<td>3</td>
</tr>
<tr>
<td>Already in use</td>
<td>5</td>
<td>29.4</td>
<td>18</td>
</tr>
</tbody>
</table>

**Chart 2.** *Bar chart for compliance vs. commitment*

**Compliance as Focus**

Twenty-seven participants responded that compliance ranks higher in terms of performance expectations. Question 14Biv stated, “Do you believe this feature is acceptable to the state-owned enterprises in China?” Fifteen (55.6%)
responded to the question, and of these, the majority (8, 53.3%) selected it is acceptable, seven (46.7%) reported it is already in use, and no one (0.0%) replied that compliance was not acceptable. Question 14Bv stated, “Do you believe that this feature is acceptable to the local business market’s practice?” Eighteen (66.7%) responded to the question, and of these, seven (38.9%) replied that it is not acceptable, six (33.3%) said it is acceptable in the local business market’s practice, and five (27.8%) replied that compliance was already in use in the local business market’s practice. Question 14Bvi stated, “Do you believe that this feature is acceptable to the socio-culture of China?” Seventeen (63.0%) responded to the question, and of these, the majority (11, 64.7%) replied that it is acceptable, five (29.4%) said it is already in use in the socio-culture of China and one (5.9%) replied that compliance was not acceptable to the socio-culture of China.

‘Compliance’ as PM focus was acceptable more to the SOEs and the socio-culture of China. However, its acceptability to the local business market’s practice was not consistently recognized as slightly more than half of those who believed their firms applied compliance as PM focus thought this criterion was not acceptable. Being categorised as high in UA, the lower score in compliance focus against its perceived acceptability more to the SOEs and the socio-culture of China might imply that compliance culture was less favoured by the business enterprises at large but was not entirely rejected or non-existing in the Local Environment.

**Commitment as Focus**

Forty-seven participants responded that commitment ranks higher in terms of
performance expectations. Question 14Biv stated, “Do you believe this feature is acceptable to the state-owned enterprises in China?” Twenty-five people (53.2%) responded to the question, and of these, the majority (17, 68.0%) selected it is acceptable, three (12.0%) reported it is already in use, and five (20.0%) replied that commitment was not acceptable. Question 14Bv stated, “Do you believe that this feature is acceptable to the local business market’s practice?” Forty (85.1%) responded to the question, and of these, the majority (38, 95.0%) replied that it is acceptable, one (2.5%) said it is already in use in the local business market’s practice, and one participant (2.5%) replied that commitment was not acceptable to the local business market’s practice. Question 14Bvi stated, “Do you believe that this feature is acceptable to the socio-culture of China?” Forty-one (87.2%) responded to the question, and of these, many (20, 48.8%) replied that it is acceptable, 18 (43.9%) said it is already in use in the socio-culture of China and three (7.3%) replied that commitment was not acceptable to the socio-culture of China.

‘Commitment’ as focus was ranked higher compared to ‘compliance’ although its prevalence in the Local Environment was not overwhelming. Being categorised as low in UA, this favoured PM focus appeared to be compatible to the Chinese culture.

(c) Hypothesis Test Result

The Mann-Whitney $U$ test revealed no significant differences in PM focus variance scores between compliance ($Md = 3.00$, $n = 27$) and commitment ($Md = 3.00$, $n = 45$), $U = 579.00$, $z = -0.34$, $p = .736$. The null hypothesis
cannot be rejected; there is not a statistically significant difference in PM focus variance scores by group (compliance vs. commitment). The results of the Mann Whitney $U$ tests are summarized in Table 9.

**Table 9: Mann-Whitney U Tests for PM Focus Variance Scores by Group**

(Compliance vs. Commitment)

<table>
<thead>
<tr>
<th>U Test</th>
<th>$U$</th>
<th>$p$</th>
<th>Mean Rank</th>
<th>Sum of Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance</td>
<td>579.00</td>
<td>.736</td>
<td>35.44</td>
<td>957.00</td>
</tr>
<tr>
<td>Commitment</td>
<td></td>
<td></td>
<td>37.13</td>
<td>1671.00</td>
</tr>
</tbody>
</table>

(d) Implications of the findings (a), (b) and (c) above

Hofstede’s Cultural Index suggests that China has a low score (30) on UA. Other than Hong Kong and the UK which score closer to that of China, the US and Canada score moderately at 46 and 48 respectively. The remaining four countries however are high on the UA index with Italy ranking the top at a score of 75. With the ‘compliance’ focus found to be acceptable to or being practiced by the SOEs and even the socio-culture in China, the respondents’ higher recognition of ‘commitment’ as the PM focus could not be regarded as significant in terms of the market dominance. Referring to the hypothesis test results, the insignificant difference in the PM focus between the variables concerned might have two implications. One was that the PM focus sharing the commitment flavor, which by this study’s conceptualization indicated a disposition towards lower UA, could mean an adaptive match to the Chinese
culture. The other was that the bi-lateral focus implied by the findings only applied to work- or PM-related decisions in line with the theoretical assumptions by various scholars that commitment is one of the HR outcomes that contribute to superior performance outcomes within the Guest’s (1997) model; and it will yield better economic performance (Walton, 1985); and it is a source of competitive advantage as posited by the ‘soft’ version of HRM (Legge, 1995). The above implications were plausible as one indicated the foreign firms’ adaptation of their PM practices to suit the Chinese workers’ expectations by culture while the other revealed the firms’ desire to seek superior performance through the elicitation of employees’ extraordinary efforts that were acknowledged to be able to contribute to competitive advantage.

Research Question 3

RQ3: Is there a statistically significant difference in PM focus variance scores by culturally comparative group (organisation needs vs. employee needs)?

H3₀: There is not a statistically significant difference in performance management practice scores by group (organisation needs vs. employee needs).

H3₁: There is a statistically significant difference in performance management practice scores by group (organisation needs vs. employee needs).

Cultural Dimension’s categorisation

‘Organisational needs and concerns’ and ‘Employee needs and concerns’ have been grouped as variables relevant to the cultural dimension of masculinity vs.
femininity for the reason as follows:

- Focus on organisational needs and concerns reflects a masculinity level from medium or even to high because putting the company’s interests on top of the employees’ may be seen as a sign or a situation in which the firm values success, which may override other things on a human side. On the other hand, caring for employee needs and concerns reflect a firm's caring for others' quality of life and hence has a disposition towards femininity.

Findings on employees’ perception of firms’ PM focus versus Chinese culture

(a) Firms’ PM Focus perceived by the employees

_Organisational needs and concerns vs. Employee needs and concerns_

PM focus question 14Ciii stated, “When both organisational needs and concerns and employee needs and concerns count and the situation requires management choice of focus, which (organisational needs and concerns or employee needs and concerns) ranks higher?” For this question, 54 (78.3%) participants selected organisational needs and concerns, while 15 (21.7%) responded that employee needs and concerns rank higher in terms of performance expectations.

(b) Chinese Culture by employees’ observations

Results of the ‘Chinese culture’ question 14C iv-vi are presented by focus
(organisational needs and concerns vs. employee needs and concerns) in Table 10. A bar chart for organisation needs and concerns vs. employee needs and concerns is presented in Chart 3.

**Table 10: Frequencies and Percentages on Organisational Needs and Concerns and Employee Needs and Concerns**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Organisational</th>
<th>Employee needs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n</td>
<td>%</td>
</tr>
<tr>
<td>State-owned enterprises</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>24</td>
<td>53.3</td>
</tr>
<tr>
<td>Not acceptable</td>
<td>7</td>
<td>15.6</td>
</tr>
<tr>
<td>Already in use</td>
<td>14</td>
<td>31.1</td>
</tr>
<tr>
<td>Local business market practices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>31</td>
<td>72.1</td>
</tr>
<tr>
<td>Not acceptable</td>
<td>2</td>
<td>4.7</td>
</tr>
<tr>
<td>Already in use</td>
<td>10</td>
<td>23.3</td>
</tr>
<tr>
<td>Socio-culture of China</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>24</td>
<td>70.6</td>
</tr>
<tr>
<td>Not acceptable</td>
<td>4</td>
<td>11.8</td>
</tr>
<tr>
<td>Already in use</td>
<td>6</td>
<td>17.6</td>
</tr>
</tbody>
</table>
Chart 3. Bar chart for organisation needs and concerns vs. employee needs and concerns

Organisational Needs and Concerns as Focus
Fifty-four participants responded that organisational needs and concerns rank higher in terms of performance expectations. Question 14Civ stated, “Do you believe this feature is acceptable to the state-owned enterprises in China?” Forty-five (83.3%) responded to the question, and of these, the majority (24, 53.3%) selected it is acceptable, 14 (31.1%) reported it is already in use, and seven (15.6%) replied that organisational needs and concerns was not acceptable.

Question 14Cv stated, “Do you believe that this feature is acceptable to the local business market’s practice?” Forty-three (79.6%) responded to the question, and of these, 31 (72.1%) replied that it is acceptable, 10 (23.3%) said it is already in use in the local business market’s practice, and two (4.7%) replied that organisational needs and concerns is not acceptable in the local business market’s
practice. Question 14Cvi stated, “Do you believe that this feature is acceptable to the socio-culture of China?” Thirty-four (63.0%) responded to the question, and of these, the majority (24, 70.6%) replied that it is acceptable, six (17.6%) said it is already in use in the socio-culture of China and four (11.8%) replied that organisational needs and concerns was not acceptable to the socio-culture of China.

‘Organisational needs’ as PM focus was widely used in the Local Environment although a certain responses indicated that there were an insignificant number of cases where this focus was considered not acceptable. Being categorised as masculine by culture, this focus appeared to be compatible to the cultural orientation of not only China but also the majority of the rest of the country nationalities involved in this study.

Employee Needs and Concerns as Focus

Fifteen participants responded that employee needs and concerns ranks higher in terms of performance expectations. Question 14Civ stated, “Do you believe this feature is acceptable to the state-owned enterprises in China?” Fifteen people (100%) responded to the question, and of these, the majority (9, 60.0%) selected it is not acceptable, four (26.7%) reported it is acceptable, and two (13.3%) replied that employee needs and concerns is already in use in the state-owned enterprises in China. Question 14Cv stated, “Do you believe that this feature is acceptable to the local business market’s practice?” Twelve (80.0%) responded to the question, and of these, the majority (9, 75.0%) replied that it is not acceptable, two (16.7%) said it is acceptable in the local business market’s practice, and one participant (8.3%) replied that employee needs and concerns
were already in use in the local business market’s practice. Question 14Cvi stated, “Do you believe that this feature is acceptable to the socio-culture of China?” Fifteen (100%) responded to the question, and of these, many (7, 46.7%) replied that it is not acceptable, five (33.3%) said it is acceptable in the socio-culture of China and three (20.0%) replied that employee needs and concerns was already in use in the socio-culture of China.

‘Employees needs’ as PM focus had a low acceptance rate in the Local Environment. This unfavourable condition appeared to be even worse as many of those who thought their firms adopted the ‘employees needs’ focus believed that such a focus was not acceptable to the SOEs (60%); the local business market’s practice (75%); and the socio-culture of China (46.7%). Being categorised as feminine by culture, this PM variable appeared to have not much appeal to the business enterprises in China.

(c) Hypothesis Test Result

The Mann-Whitney $U$ test revealed no significant differences in PM focus variance scores between organisation needs ($Md = 3.00, n = 54$) and employee needs ($Md = 3.17, n = 14$), $U = 312.00, z = -1.02, p = .310$. The null hypothesis cannot be rejected; there is not a statistically significant difference in PM focus variance scores by group (organisation needs vs. employee needs). The results of the Mann Whitney $U$ tests are summarized in Table 11.
Table 11: Mann-Whitney U Tests for PM Focus Variance Scores by Group

(Organisational Needs vs. Employee Needs)

<table>
<thead>
<tr>
<th>U Test</th>
<th>U</th>
<th>p</th>
<th>Mean Rank</th>
<th>Sum of Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation needs</td>
<td>312.00</td>
<td>.310</td>
<td>33.28</td>
<td>1797.00</td>
</tr>
<tr>
<td>Employee needs</td>
<td></td>
<td></td>
<td>39.21</td>
<td>549.00</td>
</tr>
</tbody>
</table>

(d) Implications of the findings (a), (b) and (c) above

Hofstede’s Cultural Index suggests that China is a masculine society with the index for that dimension standing at 66. Still, at least five of the other countries represented by the survey participating companies also stand at a level as high as China’s such that Italy tops the rank at 70; the UK and Germany both have a score of 66 which is the same as China’s; and the US and Australia sit just slightly behind at 62 and 61 respectively which however should be categorised as having a masculine orientation as well. However, the survey findings showing the insignificant difference in the PM focus between the variables concerned might not be telling a different story about those countries’ masculinity bias as most responses still favoured the ‘organisational needs’ focus as PM objectives. Nonetheless, the findings could pose a question as to whether the social or, in some cases emotional, values of a national culture could be overridden by the rational or, sometimes commercial, benefits when there were competing issues that required the company management’s decision.
In this case, there were two competing issues. One was the organisation’s need to maintain a reasonable amount of control of a workforce spread across different locations with diversified cultural orientations by making it manifest that the organisation’s needs were paramount across the entire workforce. The other was the need to ensure the employees could be given the peace of mind for them to work devotedly by answering the employees’ personal needs to the extent possible. While the workforce-centred control system can be an expedient to manage the employees through the use of a consistent approach emphasising corporate standard and objectives to be followed consistently across different locations, it may be ‘embedded in a psychological contract emphasising compliance, and not able to respond to environmental changes’ (Beaumont 1994). As such, the idea that people can only be ‘effective as employees when their job-related personal needs are met’ (Torrington & Hall 1998) may inspire the organisations to become serious about employees’ needs and concerns.

**Research Question 4**

RQ4: Is there a statistically significant difference in PM focus variance scores by culturally comparative group (outputs vs. behaviours)?

H4ₜₒ: There is not a statistically significant difference in performance management practice scores by group (outputs vs. behaviors).

Hₜₐ: There is a statistically significant difference in performance management practice scores by group (outputs vs. behaviors).
Cultural Dimension’s categorisation

‘Outputs’ and ‘Behaviours’ have been grouped as variables relevant to the cultural dimension of short-term orientation vs. long-term orientation for the reason as follows:

- Demand on outputs manifests the importance of attaining such results as production quantity, service quality, or business performance of which the evaluation will likely be judged by rational calculation or hard measurements of physical efforts spent or material products delivered from a short-term point of view. Such a dominating emphasis on ‘hard’ measurements and results may therefore lead to an organisation’s negligence over the long-term effect and value that the employees’ use of the proper processes, exercise of the right attitudes, or demonstration of the appropriate behaviours may deliver. Focus on behaviours, on the contrary, accentuates the importance of personal moral guidelines which are valued within the LTO principle such as the display of perseverance towards slow results and the search for virtue desired by not only the organisation itself but also the wider society in which the organisation is operating.

Findings on employees’ perception of firms’ PM focus versus Chinese culture

(a) Firms’ PM Focus perceived by the employees

*Outputs and Behaviours*

PM focus question 14DiII stated, “When both outputs and behaviours count and the situation requires management choice of focus, which (outputs or
behaviours) ranks higher?” For this question, 55 (70.5%) participants selected outputs, while 23 (29.5%) responded that behaviours rank higher in terms of performance expectations.

(b) Chinese Culture by employees’ observations

Results of the ‘Chinese culture’ question 14D iv-vi are presented by focus (outputs vs. behaviours) in Table 12. A bar chart for outputs and behaviours is presented in Chart 4.

Table 12: Frequencies and Percentages on Outputs and Behaviours

<table>
<thead>
<tr>
<th>Variable</th>
<th>Outputs</th>
<th></th>
<th>Behaviours</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n</td>
<td>%</td>
<td>n</td>
<td>%</td>
</tr>
<tr>
<td>State-owned enterprises</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>27</td>
<td>60.0</td>
<td>10</td>
<td>55.6</td>
</tr>
<tr>
<td>Not acceptable</td>
<td>3</td>
<td>6.7</td>
<td>8</td>
<td>44.4</td>
</tr>
<tr>
<td>Already in use</td>
<td>15</td>
<td>33.3</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Local business market practices</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>30</td>
<td>69.8</td>
<td>5</td>
<td>26.3</td>
</tr>
<tr>
<td>Not acceptable</td>
<td>0.0</td>
<td>0.0</td>
<td>2</td>
<td>10.5</td>
</tr>
<tr>
<td>Already in use</td>
<td>13</td>
<td>30.2</td>
<td>12</td>
<td>63.2</td>
</tr>
<tr>
<td>Socio-culture of China</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>27</td>
<td>64.3</td>
<td>6</td>
<td>33.3</td>
</tr>
<tr>
<td>Not acceptable</td>
<td>8</td>
<td>19.0</td>
<td>1</td>
<td>5.6</td>
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<tr>
<td>Already in use</td>
<td>7</td>
<td>16.7</td>
<td>11</td>
<td>61.1</td>
</tr>
</tbody>
</table>
Chart 4. Bar chart for outputs vs. behaviours

Outputs as Focus

Fifty-five participants responded that outputs rank higher in terms of performance expectations. Question 14Div stated, “Do you believe this feature is acceptable to the state-owned enterprises in China?” Forty-five (81.8%) responded to the question, and of these, the majority (27, 60.0%) selected it is acceptable, 15 (33.3%) reported it is already in use, and three (6.7%) replied that outputs were not acceptable. Question 14Dv stated, “Do you believe that this feature is acceptable to the local business market’s practice?” Forty-three (78.2%) responded to the question, and of these, 30 (69.8%) replied that it is acceptable, 13 (30.2%) said it is already in use in the local business market’s practice, and no one (0.0%) replied outputs are not acceptable in the local business market’s practice. Question 14Dvi stated, “Do you believe that this feature is acceptable to the socio-culture of China?” Forty-two (76.4%) responded to the question,
and of these, the majority (27, 64.3%) replied that it is acceptable, seven (16.7%) said it is already in use in the socio-culture of China and eight (19.0%) replied that outputs were not acceptable to the socio-culture of China.

Disregard the higher score in being ranked the choice of PM focus relative to the ‘behaviours’ factor, the ‘outputs’ factor did not dominate the preference list held by the business enterprises in the Local Environment. Even among those who selected ‘outputs’ as the focus, there were some who believed that this factor was not acceptable to the SOEs and the socio-culture in China. On the other hand, quite an apparently large fraction of those who selected ‘behaviours’ as the focus believed that this factor was acceptable to the Local Environment. Being categorised as STO by culture, ‘outputs’ appeared to be a factor that might make sense for PM requirements but might lack cultural alignment.

**Behaviours as Focus**

Twenty-three participants responded that behaviours rank higher in terms of performance expectations. Question 14Div stated, “Do you believe this feature is acceptable to the state-owned enterprises in China?” Eighteen people (78.3%) responded to the question, and of these, the majority (10, 55.6%) selected it is acceptable, however no one (0.0%) reported it is in use, and eight (44.4%) replied that behaviours is not acceptable in the state-owned enterprises in China. Question 14Dv stated, “Do you believe that this feature is acceptable to the local business market’s practice?” Nineteen (82.6%) responded to the question, and of these, the majority (12, 63.2%) replied that it is already in use, five (26.3%) said it is acceptable in the local business market’s practice, and two participants (10.5%) replied that behaviours are not acceptable in the local business market’s
practice. Question 14Dvi stated, “Do you believe that this feature is acceptable to the socio-culture of China?” Eighteen (78.3%) responded to the question, and of these, the majority (11, 61.1%) replied that it is already in use, six (33.3%) said it is acceptable in the socio-culture of China, and one (5.6%) replied that behaviours were not acceptable in the socio-culture of China.

As already stated above, many respondents opting for ‘outputs’ as the PM focus believed that such a factor was not acceptable to the SOEs and the local culture. Besides, quite a high number of those who selected ‘behaviours’ as the focus believed that this factor was acceptable to the Local Environment. As such, there might be an implication that cultural orientation might not necessarily render a strong influence to organisations’ choice of PM design. Being categorised as LTO by culture, ‘behaviours’ appeared to be a factor to which the Chinese attached considerable values while it could be given a lower priority in PM evaluation.

(c) Hypothesis Test Result

The Mann-Whitney $U$ test revealed no significant differences in PM focus variance scores between outputs ($Md =3.00, n = 55$) and behaviours ($Md = 3.17, n = 21$), $U = 537.50, \ z = -0.47, \ p = .638$. The null hypothesis cannot be rejected; there is not a statistically significant difference in PM focus variance scores by group (outputs vs. behaviours). The results of the Mann Whitney $U$ tests are summarized in Table 13.
Table 13: Mann-Whitney U Tests for PM Focus Variance Scores by Group

(Outputs vs. Behaviours)

<table>
<thead>
<tr>
<th></th>
<th>U Test</th>
<th>U</th>
<th>p</th>
<th>Mean Rank</th>
<th>Sum of Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outputs</td>
<td>537.50</td>
<td>.638</td>
<td>37.77</td>
<td>2077.50</td>
<td></td>
</tr>
<tr>
<td>Behaviours</td>
<td>40.40</td>
<td></td>
<td></td>
<td>848.50</td>
<td></td>
</tr>
</tbody>
</table>

(d) Implications of the findings (a), (b) and (c) above

Similar to the findings on the ‘business results vs. people engagement’ variables, the PM focus of ‘outputs’ that displayed an STO character was used more widely than the ‘behaviours’ focus that had the LTO character. Nonetheless, there was a sign that the variables with the LTO features had a fair amount of appeal to the Local Environment more than those with the STO features. The implications could be: (1) the influence of Chinese culture on PM formulation by foreign firms might be not so strong although the local workers would still see the Chinese culture as remaining noticeable and being valued in the Local Environment; (2) these firms’ cultures had a strong foundation which directed the host country operations to apply the home-country practices; and (3) as far as PM objectives were concerned the commercial interests would to a large extent determine the choice of the PM focus.

Research Question 5

RQ5: Is there a statistically significant difference in PM focus variance scores by culturally comparative group (individual decisions vs. group decisions)?
H5_a: There is not a statistically significant difference in performance management practice scores by group (individual decisions vs. group decisions).

H5_a: There is a statistically significant difference in performance management practice scores by group (individual decisions vs. group decisions).

Cultural Dimension’s categorisation

‘Individual decisions’ and ‘Group decisions’ have been grouped as variables relevant to the cultural dimension of individualism vs. collectivism for the reason as follows:

- Apparently, individual decision represents the individualism dimension while the advocate of individual decisions attaches values to personal interests and autonomy. For group decisions, this is the performance characteristic bearing values embedded on collectivism which advocates group responsibility and actions.

Findings on employees’ perception of firms’ PM focus versus Chinese culture

(a) Firms’ PM Focus perceived by the employees

Individual Decisions vs. Group Decisions

PM focus question 14Eiii stated, “When both individual decisions and group
decisions count and the situation requires management choice of focus, which
(individual decisions or group decisions) ranks higher?” For this question, five
(6.8%) participants selected individual decisions, while 68 (93.2%) responded
that group decisions rank higher in terms of performance expectations.

(b) Chinese Culture by employees’ observations

Results of the ‘Chinese culture’ question 14E iv-vi are presented by focus
(individual decisions vs. group decisions) in Table 14. A bar chart for
individual decisions vs. group decisions is presented in Chart 5.

Table 14: Frequencies and Percentages on Individual Decisions and Group
Decisions

<table>
<thead>
<tr>
<th>Variable</th>
<th>Individual decisions</th>
<th>Group decisions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n</td>
<td>%</td>
</tr>
<tr>
<td>State-owned enterprises</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>4</td>
<td>100.0</td>
</tr>
<tr>
<td>Not acceptable</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Already in use</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Local business market practices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>5</td>
<td>100.0</td>
</tr>
<tr>
<td>Not acceptable</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Already in use</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Socio-cultural of China</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Chart 5. Bar chart for individual decisions vs. group decisions

Individual Decisions as Focus

Five participants responded that individual decisions rank higher in terms of performance expectations. Question 14Eiv stated, “Do you believe this feature is acceptable to the state-owned enterprises in China?” Four (80.0%) responded to the question, and of these, all four (100%) selected it is acceptable; no other options were selected as responses. Question 14Ev stated, “Do you believe that this feature is acceptable to the local business market’s practice?” Five (100%) responded to the question, and of these, all five (100%) replied that it is acceptable; no other response options were selected. Question 14Evi stated, “Do you believe that this feature is acceptable to the socio-culture of China?”
Five (100%) responded to the question, and of these, all five (100%) replied that it is acceptable; no other response options were chosen.

‘Individual decisions’ as focus had an extremely low usage (5, 6.8%) as perceived by the respondents. However, the hypothesis test results to be given below showed that, according to the respondents who believed the ‘individual decisions’ criteria represented their firms’ PM focus, this dimension had a perfectly significant score (100%) in terms of its acceptability to the Local Environment. This somewhat confounding phenomenon will therefore be discussed further below concerning its implications.

**Group Decisions as Focus**

Sixty-eight participants responded that group decisions rank higher in terms of performance expectations. Question 14Eiv stated, “Do you believe this feature is acceptable to the state-owned enterprises in China?” Fifty-five people (80.9%) responded to the question, and of these, the majority (39, 70.9%) selected it is acceptable, 13(23.6%) reported it is already in use, and three (5.5%) replied that group decisions are not acceptable in the state-owned enterprises in China. Question 14Ev stated, “Do you believe that this feature is acceptable to the local business market’s practice?” Fifty-eight (82.6%) responded to the question, and of these, the majority (47, 81.0%) replied that it is acceptable, eight (13.8%) said it is already in use in the local business market’s practice, and three participants (5.2%) replied that group decisions are not acceptable in the local business market’s practice. Question 14Ev stated, “Do you believe that this feature is acceptable to the socio-culture of China?” Fifty-six (82.4%) responded to the question, and of these, the majority (33, 58.9%) replied that it is acceptable, 20
(35.7%) said it is already in use in the socio-culture of China, and three (5.4%) replied that group decisions were not acceptable in the socio-culture of China.

‘Group decisions’ as focus had a significantly high usage (68, 93.2%) as perceived by the respondents. Yet, the hypothesis test showing the significant difference with ‘individual decisions’ in terms of the PM focus being widely recognised as acceptable to the Local Environment could mean that these two different dimensions might be competing in the context of their appeals to the social and business environments. Discussion on the implications of the relevant test will be made in the section below.

(c) Hypothesis Test Result

The Mann-Whitney U test revealed significant differences in PM focus variance scores between individual decisions ($Md = 3.50, n = 4$) and group decisions ($Md = 3.00, n = 67$), $U = 30.00, z = -2.74, p = .006$, indicating that when management focus is on individual decisions, PM focus variance scores are higher than they are when management focus is on group decisions. The null hypothesis is rejected; there is a statistical difference in PM focus variance scores by group (individual decisions vs. group decisions). The results of the Mann Whitney U tests are summarized in Table 15.
**Table 15: Mann-Whitney U Tests for PM Focus Variance Scores by Group**

*(Individual Decisions vs. Group Decisions)*

<table>
<thead>
<tr>
<th></th>
<th>U</th>
<th>Test</th>
<th>p</th>
<th>Mean Rank</th>
<th>Sum of Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>30.00</td>
<td>.006</td>
<td>62.00</td>
<td>248.00</td>
<td></td>
</tr>
<tr>
<td>Group decisions</td>
<td>34.45</td>
<td></td>
<td></td>
<td>2308.00</td>
<td></td>
</tr>
</tbody>
</table>

(d) Implications of the findings (a), (b) and (c) above

This is the cultural dimension in which the hypothesis testing revealed a statistically significant difference in PM scores by the paired group. According to Hofstede’s cultural index, all the countries in this study except China and Hong Kong have high scores in individualism. As the firms from China and Hong Kong accounted for only 21% of the total population of the participating firms, the overwhelming ratio of the Western firms with cultural orientation towards individualism should likely be nurturing an expectation of an outcome of significant PM focus on individual contributions. However, the study findings displayed something interesting. As per section (a) presented earlier, among the 73 respondents (out of the total 88 survey respondents) who answered this question, 68 (93.2%) of them believed their firms had a PM focus on group decisions while only 5 (6.8%) of them believed that individual decisions were expected. Considering the obviously high scores in Hofstede’s individualism index ranging between 63 to 91 for the Western countries against the low scores of 20 and 25 for only China and Hong Kong respectively, the findings showing that a vast majority of the responses pointed to group decisions as the PM focus came out with some surprises. Nevertheless, a more detailed inspection of the
data in Table 14 above revealed that the respondents who selected individual decisions had a consistently high score (100%) in terms of acceptability to Local Environment. In the light of the ‘individualism’ focus having attained a statistically significant score in the hypothesis tests, discussions of the implications are made as below:

1. Disregard their individualism-oriented culture acknowledged by Hofstede’s analysis, foreign firms’ adoption of the PM focus on group decisions might probably be grounded on their desire to foster team work as an organisational capability mandated within the PM requirements to help attain performance. Fai and Morgan (2006) have found that bigger companies have more frequent evaluations which ‘may entail team goals’ for expatriate performance management. Ferris (1999) has also noticed that ‘team orientation for responsibility and commitment’ is an approach for strategic HR management being practiced in China. Those concepts on ‘team goals’ and ‘team orientation’ might just be a part of the explanations as to why the foreign firms in China tended to espouse group decisions as a PM focus relative to individual decisions. Still, that focus might not necessarily mean that individual decisions were being neglected in performance evaluation. To the extent that individuals should be held responsible for what they do and should prove their intellectual performance to demonstrate their values, employees’ ability in making individual decisions was not seen to have been taken lightly. Rather, the foreign firms did not actually allay their ‘individualism’ cultural value in the PM system but just overlaid it with the group orientation to support the firms’ strategic needs.

2. With team goals being appreciated as contributing to company performance
as explained above, these goals would guide the individual team’s decisions which should as well reflect the corporate goals or objectives communicated by way of the company’s yearly performance plan. As such, group decisions would be expected to be made in line with the overall corporate objectives, thereby probably representing more a business strategy or management practice alignment than a cultural compromise.

**Research Question 6**

RQ6: Is there a statistically significant difference in PM focus variance scores by culturally comparative group (harmony vs. debates)?

H$_{6\alpha}^\circ$: There is not a statistically significant difference in performance management practice scores by group (harmony vs. debates).

H$_{6\alpha}^\circ$: There is a statistically significant difference in performance management practice scores by group (harmony vs. debates).

**Cultural Dimension’s categorisation**

‘Harmony’ and ‘Debates’ have been grouped as variables relevant to the cultural dimension of femininity vs. masculinity for the reason as follows:

- Maintenance of harmony is rooted in the aim of ensuring development of strong relationships as well as networks across the corporate society and avoiding conflicts and thus embodies which values relational appreciation and caring for other’s quality of life. Engagement in conflicting discussions as can be the case of debates may involve exchange of views or
comments that can be perceived by others as assertive or tough enough to cause relationship damage as winning or defeating often seems to be the attitude that pervades into the course of a conversation, meeting, or interactions.

Findings on employees’ perception of firms’ PM focus versus Chinese culture

(a) Firms’ PM Focus perceived by the employees

Results of the ‘Chinese culture’ question 14F iv-vi are presented by focus (harmony vs. debates) in Table 16. A bar chart for harmony vs. debates is presented in Chart 6.

Table 16: Frequencies and Percentages on Harmony and Debates

<table>
<thead>
<tr>
<th>Variable</th>
<th>Harmony</th>
<th></th>
<th>Debates</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n</td>
<td>%</td>
<td>n</td>
<td>%</td>
</tr>
<tr>
<td>State-owned enterprises</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>19</td>
<td>67.9</td>
<td>10</td>
<td>58.8</td>
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<tr>
<td>Not acceptable</td>
<td>3</td>
<td>10.7</td>
<td>6</td>
<td>35.3</td>
</tr>
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<td>Already in use</td>
<td>6</td>
<td>21.4</td>
<td>1</td>
<td>5.9</td>
</tr>
<tr>
<td>Local business market practices</td>
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<td></td>
</tr>
<tr>
<td>Acceptable</td>
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<td>80.0</td>
<td>11</td>
<td>84.6</td>
</tr>
<tr>
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<td>15.4</td>
</tr>
<tr>
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<td>10.0</td>
<td>0</td>
<td>0.0</td>
</tr>
</tbody>
</table>
Socio-culture of China

<table>
<thead>
<tr>
<th></th>
<th>Acceptable</th>
<th>Not acceptable</th>
<th>Already in use</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>28</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>Acceptable</td>
<td>66.7</td>
<td>28.6</td>
<td>4.8</td>
</tr>
<tr>
<td>Not acceptable</td>
<td>7</td>
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</tr>
<tr>
<td>Already in use</td>
<td>58.3</td>
<td>41.7</td>
<td>0.0</td>
</tr>
</tbody>
</table>

**Chart 6. Bar chart on Harmony vs. Debates**

*Harmony vs. Debates*

PM focus question 14Fiii stated, “When both harmony and debates count and the situation requires management choice of focus, which (harmony or debates) ranks higher?” For this question, 46 (73.0%) participants selected harmony, while 17 (27.0%) responded that debates rank higher in terms of performance expectations.
(b) Chinese Culture by employees’ observations

**Harmony as Focus**

Forty-six participants responded that harmony ranks higher in terms of performance expectations. Question 14Fiv stated, “Do you believe this feature is acceptable to the state-owned enterprises in China?” Twenty-eight (60.9%) responded to the question, and of these, the majority (19, 67.9%) selected it is acceptable, six (21.4%) reported it is already in use, and three (10.7%) replied that harmony was not acceptable. Question 14Fv stated, “Do you believe that this feature is acceptable to the local business market’s practice?” Thirty (65.2%) responded to the question, and of these, 24 (80.0%) replied that it is acceptable, three (10.0%) said it is already in use in the local business market’s practice, and three (10.0%) replied harmony is not acceptable in the local business market’s practice. Question 14Fvi stated, “Do you believe that this feature is acceptable to the socio-culture of China?” Forty-two (91.3%) responded to the question, and of these, the majority (28, 66.7%) replied that it is acceptable, two (4.8%) said it is already in use in the socio-culture of China and 12 (28.6%) replied that harmony was not acceptable to the socio-culture of China.

‘Harmony’ as focus appeared to be a PM focus for most organisations. However, there were differing views of its acceptability to the Local Environment such that the statistics alone could not present a more affirmative conclusion that one dimension significantly outweighed the other in the Local Environment. Being categorised as a feminine culture, this PM focus’
insignificant acceptability appeared to raise doubts of the business enterprises’ endorsement of femininity’s values in the social context.

Debates as Focus

Seventeen participants responded that debates rank higher in terms of performance expectations. Question 14Fiv stated, “Do you believe this feature is acceptable to the state-owned enterprises in China?” Seventeen people (100%) responded to the question, and of these, the majority (10, 58.8%) selected it is acceptable, one (5.9%) reported it is already in use, and six (35.3%) replied that debates are not acceptable in the state-owned enterprises in China. Question 14Fv stated, “Do you believe that this feature is acceptable to the local business market’s practice?” Thirteen (76.5%) responded to the question, and of these, the majority (11, 84.6%) replied that it is acceptable, two (15.4%) said it is not acceptable in the local business market’s practice, and no one (0.0%) replied that debates are already in use in the local business market’s practice. Question 14Fvi stated, “Do you believe that this feature is acceptable to the socio-culture of China?” Twelve (70.6%) responded to the question, and of these, the majority (7, 58.3%) replied that it is acceptable, five (41.7%) said it is not acceptable in the socio-culture of China, and no one (0.0%) replied that debates were already in use in the socio-culture of China.

Just because the views on the Local Environment’s acceptability of either one of the PM focus differed, the ‘debates’ flavour could not be ruled out when the business enterprises formulated their PM criteria. Being categorised as masculine by culture, its value as a PM variable could not be taken lightly as a
majority of the participating firms in this survey came from the counties with disposition towards masculinity.

(c) Hypothesis Test Result

The Mann-Whitney *U* test revealed no significant differences in PM focus variance scores between harmony (*Md* = 2.83, *n* = 44) and debates (*Md* = 3.00, *n* = 17), *U* = 335.50, *z* = -0.63, *p* = .526. The null hypothesis cannot be rejected; there is not a statistically significant difference in PM focus variance scores by group (harmony vs. debates). The results of the Mann Whitney *U* tests are summarized in Table 17.

**Table 17:** Mann-Whitney *U* Tests for PM Focus Variance Scores by Group (Harmony vs. Debates)

<table>
<thead>
<tr>
<th>U Test</th>
<th><em>U</em></th>
<th><em>p</em></th>
<th>Mean Rank</th>
<th>Sum of Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harmony</td>
<td>335.50</td>
<td>.526</td>
<td>31.88</td>
<td>1402.50</td>
</tr>
<tr>
<td>Debates</td>
<td>28.74</td>
<td></td>
<td></td>
<td>488.50</td>
</tr>
</tbody>
</table>

(d) Implications of the findings (a), (b) and (c) above

The previous group of organisational needs vs. employee needs that had also been linked with the masculinity/femininity dimension triggered the author’s view that the social or emotional values of a national culture and the rational or commercial benefits for business enterprises could be competing with each other. In this
case for harmony versus debates, the rationale of the insignificant difference was similar such that there was an implication of PM focus having been determined or adjusted depending on the organisations’ assessment of the desired weights between the social values and commercial benefits. Just like Hofstede’s (1998) argument that masculinity/femininity should be seen not as one bi-polar dimension but as two uni-polar dimensions, i.e., an individual can be both masculine and feminine at the same time, organisations can as well hold a pragmatic view that the PM priority can move along and within the continuum where those two dimensions sit according to the values perceived to be more appropriate for a specific objective. In that priority variation’s decision, the organisations may still achieve a kind of ambidextrous outcome such that the elements conforming to the cultural or social values will co-exist with the commercial benefits’ underlying criteria. This perspective may therefore suggest that the continuum in which different cultural dimensions are sitting can actually be seen as a space that permits scalable combinations between the variables, particularly in a situation where organisations and/or the individuals appreciate the need to adjust or change the existing norms, values, or beliefs as a step forward towards matching the business landscapes or meeting the new challenges.

When an organisation is pressed by the need to change in order to compete in the growingly volatile business environment, it may perceive the value of engaging people in debates as brainstorming for new ideas to make revolutionary changes. Still, its transition to the new era may simultaneously walk abreast with the measures that aim to maintain harmony between the employees as a way to minimise any negative impact brought by any abrupt cultural change leading to
fear of uncertainty or shock to the entire workforce. Taking those views together, the analysis outcome of the findings on harmony versus debates could be concluded as reflecting the organisations’ tendency to make rational decisions from management perspective for their choice of PM focus in China.

**Research Question 7**

RQ7: Is there a statistically significant difference in PM focus variance scores by culturally comparative group (top down directions vs. encouraged employees participation)?

H7₀: There is not a statistically significant difference in performance management practice scores by group (top down directions vs. encouraged employees participation).

H7ₐ: There is a statistically significant difference in performance management practice scores by group (top down directions vs. encouraged employees participation).

**Cultural Dimension’s categorisation**

‘Top Down Directions’ and ‘Encouraged Employees Participation’ have been grouped as variables relevant to the cultural dimension of power distance (“PD”) for the reason as follows:

- Top down directions are in most cases given with an understanding that such ‘directions’ are either deemed to be the best coping strategy for any issues being dealt with or treated as an authoritative order of which
obedience is assumed. In a study by Offermann and Hellmann (1997), they also noticed that leaders influenced by high PD cultures tended to retain their power status by refraining from delegating their subordinates. Encouraged employees participation on the other hand symbolises the organisation’s or manager’s willingness to share or delegate the decision-making authority to other employees or colleagues of lower hierarchies. By encouraging employees to participate in discussions or even decision-making meetings, the PD between managers and employees is shortened to the extent that unequal distribution of power is not so significantly apparent.

Findings on employees’ perception of firms’ PM focus versus Chinese culture

(a) Firms’ PM Focus perceived by the employees

Firms’ PM focus question 14Giii stated, “When both give top-down directions and encouraged employees’ participation count and the situation requires management choice of focus, which (give top-down directions or encouraged employees’ participation) ranks higher?” For this question, 24 (34.3%) participants selected give top-down directions, while 46 (65.7%) responded that encouraged employees’ participation rank higher in terms of performance expectations.

(b) Chinese Culture by employees’ observations

Results of the ‘Chinese culture’ question 14G iv-vi are presented by focus
(give top-down directions vs. encouraged employees’ participation) in Table 18. A bar chart for give top-down directions vs. encouraged employees’ participation is presented in Chart 7.

**Table 18: Frequencies and Percentages on Give Top-down Directions and Encouraged Employees’ Participation**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Give top-down</th>
<th>Encouraged</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n</td>
<td>%</td>
</tr>
<tr>
<td>State-owned enterprises</td>
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<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>17</td>
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<td>Not acceptable</td>
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</tr>
<tr>
<td>Already in use</td>
<td>4</td>
<td>19.0</td>
</tr>
<tr>
<td>Local business market practices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>19</td>
<td>95.0</td>
</tr>
<tr>
<td>Not acceptable</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Already in use</td>
<td>1</td>
<td>5.0</td>
</tr>
<tr>
<td>Socio-culture of China</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>17</td>
<td>94.4</td>
</tr>
<tr>
<td>Not acceptable</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Already in use</td>
<td>1</td>
<td>5.6</td>
</tr>
</tbody>
</table>
Chart 7. Bar chart on give top-down directions vs. encouraged employees’ participation

Top-down Directions as Focus

Twenty-four participants responded that give top-down directions ranks higher in terms of performance expectations. Question 14Giv stated, “Do you believe this feature is acceptable to the state-owned enterprises in China?” Twenty-one (87.5%) responded to the question, and of these, the majority (17, 81.0%) selected it is acceptable, 4 (19.0%) reported it is already in use, and no one (0.0%) replied that give top-down directions was not acceptable. Question 14Gv stated, “Do you believe that this feature is acceptable to the local business market’s practice?” Twenty (83.3%) responded to the question, and of these, 19 (95.0%) replied that it is acceptable, one (5.0%) said it is already in use in the local business market’s practice, and no one (0.0%) replied give top-down directions is not acceptable in the local business market’s practice. Question 14Gvi stated, “Do you believe that this feature is acceptable to the socio-culture of China?”
Eighteen (75.0%) responded to the question, and of these, the majority (17, 94.4%) replied that it is acceptable, one (5.6%) said it is already in use in the socio-culture of China, and no one (0.0%) replied that give top-down directions was not acceptable to the socio-culture of China.

‘Top-down directions’ as PM focus had a score lower than the ‘encouraged employees’ participation’ dimension. However, it had been rated highly by those who believed this focus was applied by their firms in terms of its acceptability to the Local Environment. Being categorised as high in PD by Hofstede’s cultural index, this high acceptability to the Local Environment appeared to have reflected the match with the Chinese culture although the overall management choice of the survey participating firms favoured the other dimension more.

*Encouraged Employees’ Participation as Focus*

Forty-six participants responded that encouraged employees’ participation rank higher in terms of performance expectations. Question 14Giv stated, “Do you believe this feature is acceptable to the state-owned enterprises in China?” Forty-one people (89.1%) responded to the question, and of these, many (19, 46.3%) selected it is acceptable, two (4.9%) reported it is already in use, and 20 (48.8%) replied that encouraged employees’ participation is not acceptable in the state-owned enterprises in China. Question 14Gv stated, “Do you believe that this feature is acceptable to the local business market’s practice?” Forty (87.0%) responded to the question, and of these, the majority (21, 52.5%) replied that it is acceptable, four (10.0%) said it is not acceptable in the local business market’s practice, and 15 (37.5%) replied that encouraged employees’ participation is
already in use in the local business market’s practice. Question 14Gvi stated, “Do you believe that this feature is acceptable to the socio-culture of China?” Thirty-nine (84.8%) responded to the question, and of these, the majority (20, 51.3%) replied that it is acceptable, four (10.3%) said it is not acceptable in the socio-culture of China, and 15 (38.5%) replied that encouraged employees’ participation was already in use in the socio-culture of China.

‘Encouraged employees’ participation’ had more votes for the choice of the participating firms’ PM focus. Yet, its acceptability to the Local Environment did not receive consistent recognition especially regarding the acceptability to the SOEs. While there was not much variance in the view about its positive acceptability to the local business market’s practice, this dimension’s equally positive acceptability to the socio-culture of China was an interesting observation as that could trigger the question as to whether the Chinese cultural values had a room for low PD sentiments in view of this PM focus having been categorised as low PD.

(c) Hypothesis Test Result

The Mann-Whitney U test revealed no significant differences in PM focus variance scores between top down directions (Md = 3.00, n = 24) and encouraged employees participation (Md = 3.00, n = 45), U = 526.50, z = -0.17, p = .863. The null hypothesis cannot be rejected; there is not a statistically significant difference in PM practice focus scores by group (top down directions vs. encouraged employees’ participation). The results of the Mann Whitney U tests are summarized in Table 19.
Table 19: Mann-Whitney U Tests for PM Focus Variance Scores by Group (Top Down Directions vs. Encouraged Employees’ Participation)

<table>
<thead>
<tr>
<th></th>
<th>U Test</th>
<th>p</th>
<th>Mean Rank</th>
<th>Sum of Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top down directions</td>
<td>526.50</td>
<td>.863</td>
<td>35.56</td>
<td>853.50</td>
</tr>
<tr>
<td>Encouraged employees participation</td>
<td></td>
<td></td>
<td>34.70</td>
<td>1561.50</td>
</tr>
</tbody>
</table>

(d) Implications of the findings (a), (b) and (c) above

Hofstede’s Cultural Index suggests that China’s power distance index (“PDI”) is high at the score of 80, followed by Hong Kong (68) in this study, and compared to the rest of the country nationalities with score as low as 33 for Finland up to just 50 for Italy. With the majority of the survey participating firms being grouped into the low PD league, the higher PM focus on ‘encouraged employees’ participation’ suggested that the foreign firms went round the Chinese high PD culture to apply a PM requirement that was considered appropriate. It was likely that this focus was found more in the foreign firms than the Chinese firms because the dimension of ‘top-down directions’ at the other end received a consistently high endorsement in terms of its acceptability to the Local Environment, which comprised the SOEs and the socio-culture of China. Furthermore, the acceptability of the dimension of ‘encouraged employees’ participation’ to the Local Environment was not significant such that close to half (48.8%) of the respondents who reported this dimension as the PM focus believed that the SOEs were against the use of such a ‘low PD’ PM assessment variable. That negative acceptability to the SOEs implying the Chinese
enterprises’ probable aversion to a ‘low PD’ assessment variable was however blurred by a reportedly positive acceptability (51.3%) in addition to a fair usage prevalence (38.5%) of the same variable to the socio-culture of China.

The above observations therefore revealed that the focus on ‘top down directions’ categorising the high PD culture should be compatible to the Chinese culture. Yet, the endorsed use of the ‘encouraged employees’ participation’ focus in the socio-culture seemed to have muddled the water regarding this ‘low PD’ dimension’s currency of use in China. That intriguing condition might as well be a factor contributing to the hypothesis test result that revealed an insignificant difference in the dimensions concerned. Another reason of such a test result could be that, given the survey participating firms’ low PD disposition, these firms simply introduced the ‘encouraged employees’ participation’ focus to inform the local workers about the organisation’s performance objectives and thus the higher score for the said focus. One last implication thereof could be that the popularity of a low PD oriented management practice had grown in China as a result of the country’s economic development which encompassed a wide range of revolutionary initiatives such as the Open Door Policy at the political level, the joint venture requirements at the institutional level promoting the local Chinese company’s management stakes, and the attraction of overseas returnees to import the foreign management skills at the economic level, etc.

**Research Question 8**

RQ8: Is there a statistically significant difference in PM focus variance scores by culturally comparative group (business ethics vs. business returns)?
H8a: There is not a statistically significant difference in performance management practice scores by group (business ethics vs. business returns).

H8b: There is a statistically significant difference in performance management practice scores by group (business ethics vs. business returns).

**Cultural Dimension’s categorisation**

‘Business Ethics’ and ‘Business Returns’ have been grouped as variables relevant to the cultural dimension of long-term orientation vs. short-term orientation for the reason as follows:

- Business ethics is linked to LTO because ‘ethical behaviour and an ethical reputation can provide a competitive advantage, or disadvantage, in the marketplace and with customers, suppliers, and employees’ (Desjardins, 2009, p. 4). The act or relevant business code that exemplifies moral standard and nurtures a reputation leading to a competitive advantage is like creating wealth over the long term for the ‘fostering of virtue orientated towards future rewards’ which falls under Hofstede’s (2001) definition of the LTO’s dimension. Business returns, on the other hand, emphasise the achievement of financial results as ‘returns’ in the business sense are often associated with the profit from investment or production. In his discussion about ‘results orientation’ as to whether an action that causes the greatest good for the greatest number should be considered moral, Gilbert (2012) queried whether increased profit for businesses is a good end if it does not justify ignoring safety concerns and selling a product or service
with a high likelihood of harming or killing the customers. With a focus on business returns when business ethics is given a lower order of importance, the justification of an end may perhaps be built more on a short-term expediency by way of financial gains but less on a principle that attaches values to the long-term social or interpersonal relationship.

Findings on employees’ perception of firms’ PM focus versus Chinese culture

(a) Firms’ PM Focus perceived by the employees

PM focus question 14Hiii stated, “When both business ethics and business returns count and the situation requires management choice of focus, which (business ethics or business returns) ranks higher?” For Chinese culture question 14Hiii, 64 (84.2%) participants selected business ethics, while 12 (15.8%) responded that business returns rank higher in terms of performance expectations.

(b) Chinese Culture by employees’ observations

Results of the ‘Chinese culture’ question 14H iv-vi are presented by focus (business ethics vs. business returns) in Table 20. A bar chart for business ethics vs. business returns is presented in Chart 8.
### Table 20: Frequencies and Percentages on Business Ethics and Business Returns

<table>
<thead>
<tr>
<th>Variable</th>
<th>Business ethics</th>
<th>Business returns</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n</td>
<td>%</td>
</tr>
<tr>
<td><strong>State-owned enterprises</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>23</td>
<td>44.2</td>
</tr>
<tr>
<td>Not acceptable</td>
<td>21</td>
<td>40.4</td>
</tr>
<tr>
<td>Already in use</td>
<td>8</td>
<td>15.4</td>
</tr>
<tr>
<td><strong>Local business market practices</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>26</td>
<td>59.1</td>
</tr>
<tr>
<td>Not acceptable</td>
<td>15</td>
<td>34.1</td>
</tr>
<tr>
<td>Already in use</td>
<td>3</td>
<td>6.8</td>
</tr>
<tr>
<td><strong>Socio-culture of China</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>25</td>
<td>55.6</td>
</tr>
<tr>
<td>Not acceptable</td>
<td>14</td>
<td>31.1</td>
</tr>
<tr>
<td>Already in use</td>
<td>6</td>
<td>13.3</td>
</tr>
</tbody>
</table>
Business Ethics as Focus

Sixty-four participants responded that business ethics rank higher in terms of performance expectations. Question 14Hiv stated, “Do you believe this feature is acceptable to the state-owned enterprises in China?” Fifty-two (81.3%) responded to the question, and of these, many (23, 44.2%) selected it is acceptable, eight (15.4%) reported it is already in use, and 21 (40.4%) replied that business ethics was not acceptable. Question 14Hv stated, “Do you believe that this feature is acceptable to the local business market’s practice?” Forty-four (68.8%) responded to the question, and of these, 26 (59.1%) replied that it is acceptable, three (6.8%) said it is already in use in the local business market’s practice, and 15 (34.1%) replied business ethics is not acceptable in the local business market’s practice. Question 14Hvi stated, “Do you believe that this feature is acceptable to the socio-culture of China?” Forty-five (70.3%) responded to the question, and of these, the majority (25, 55.6%) replied that it is
acceptable, six (13.3%) said it is already in use in the socio-culture of China, and 14 (31.1%) replied that business ethics was not acceptable to the socio-culture of China.

‘Business Ethics’ was rated highly (84.2%) as the PM focus for the survey participating firms in general. However, its acceptability to the Local Environment was rather unstable as there was a fair amount of variances in that reply among the respondents who selected this dimension as their firms’ focus. Being categorised as LTO by culture, this PM focus appeared to be meeting the theoretical assumptions that China had a LTO view but yet suggesting a certain degree of divergence in the practices between the local business enterprises based on the empirical observations.

**Business Returns as Focus**

Twelve participants responded that business returns rank higher in terms of performance expectations. Question 14Hiv stated, “Do you believe this feature is acceptable to the state-owned enterprises in China?” Ten people (83.3%) responded to the question, and of these, the majority (9, 90.0%) selected it is acceptable, no one (0.0%) reported it is already in use, and one (10.0%) replied that business returns is not acceptable in the state-owned enterprises in China. Question 14Hv stated, “Do you believe that this feature is acceptable to the local business market’s practice?” Nine (75.0%) responded to the question, and of these, all nine (100%) replied that it is acceptable in the local business market’s practice; no other responses were selected. Question 14Hvi stated, “Do you believe that this feature is acceptable to the socio-culture of China?” Nine (75.0%) responded to the question, and of these, the majority (6, 66.7%) replied
that it is acceptable, 3 (33.3%) said it is not acceptable in the socio-culture of China, and no one (0.0%) replied that business returns was already in use in the socio-culture of China.

‘Business returns’ as focus was not favoured by the participating firms as the rating stood at 15.8% only. Nevertheless, its level of acceptability to the Local Environment indicated by the respondents who rated this dimension as representing their firms’ focus was in contrast higher than the unacceptability level. Being categorised as STO by culture, this PM focus could imply that even the local Chinese enterprises might turn to apply short-term measures in order to cope with the increasing pressures that demanded proof of performance in terms of profits and returns against the economic reforms and development that has been taking place in China.

(c) Hypothesis Test Result

The Mann-Whitney $U$ test revealed no significant differences in PM focus variance scores between business ethics ($Md = 3.00, n = 63$) and business returns ($Md = 3.17, n = 11$), $U = 223.50, z = -1.90, p = .058$. The null hypothesis cannot be rejected; there is not a statistically significant difference in PM focus variance scores by group (business ethics vs. business returns). The results of the Mann Whitney $U$ tests are summarized in Table 21.
Table 21: Mann-Whitney U Tests for PM Focus Variance Scores by Group

(Business Ethics vs. Business Returns)

<table>
<thead>
<tr>
<th>U Test</th>
<th>U</th>
<th>p</th>
<th>Mean Rank</th>
<th>Sum of Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business ethics</td>
<td>223.50</td>
<td>.058</td>
<td>35.55</td>
<td>2239.50</td>
</tr>
<tr>
<td>Business returns</td>
<td>48.68</td>
<td></td>
<td>535.50</td>
<td></td>
</tr>
</tbody>
</table>

(d) Implications of the findings (a), (b) and (c) above

Findings pertaining to the ‘business ethics vs. business returns’ variables could have the following implications:

1. Any PM focus that appeared to be aligned with the Chinese culture might not necessarily reflect any natural matching with the relevant cultural values. The observation that there was a certain degree of divergence in the practices between the local enterprises had indicated that there were organisations which espoused STO-linked PM focus, i.e. business results and business returns, as opposed to the LTO culture based on Hofstede’s analysis. What that meant was that, instead of being led by the local culture’s tenets, those local enterprises selected the PM focus based on the specific priorities necessitated by the specific issues that they encountered.

2. Even the local Chinese enterprises, i.e. the SOEs, would make the necessary changes in their PM practices to meet the new demands as well as pressures imposed by China’s economic reforms and growth that had created a keener competition between the SOEs nation-wide in the recent decades. As such, cultural alignment was not something that had to be on the SOEs’ list of the
criteria in determining the selection of the PM requirements. Rather, when compared to the more tangible values such as profits and investment returns to an organisation, the cultural values might be given a lower order of importance in business enterprises’ choice of PM focus.

Hofstede’s Cultural Index suggests that China’s LTO is high while that for the other Western countries in this study is relatively low. However, the fact that even the SOEs and the socio-culture of China were perceived to have favoured the ‘business returns’ dimension carrying a STO flavour disregard the higher survey score for the ‘business ethics’ focus linked to the LTO dimension could be baffling. Besides, the survey findings showed an insignificant difference in the PM focus between business ethics and business returns. Such a result of insignificant difference could actually echo that of the two groups of variables discussed earlier, i.e. the ‘business results vs. people engagement’ and the ‘outputs vs. behaviours’ variables. The implications derived from the relevant data indicating the respondents’ perception of the respective variables’ acceptability to or prevalence of use in the Local Environment also showed something similar to the observations gained in the ‘business ethics vs. business returns’ variables. That is; (1) the business enterprises tended to select the performance variables that should make sense for the PM objectives being pursued; and (2) cultural identity might still be highly valued as a desirable character retained in the social community but cultural alignment might not be the ultimate purpose that the choice of PM focus should serve.

Integrating the findings relating to Research Questions 1 – 8 which aimed to explore the extent to which the foreign firms’ PM focus might have relevance to
or influence by the Chinese culture, a summary of those findings could be made together with the responses given to Question 16 which had the purpose of assessing the level of reasonable match between the foreign firms’ PM focus with the Chinese culture based on the respondents’ perception in that respect. Question 16 stated, “Disregard whether your company’s PM system follows that which is used in the parent company, do you agree that its features or emphasis display a reasonable match with the local culture.” The response options ranged from strongly disagree to strongly agree. Many (31, 35.2%) participants reported agree, while 9 (10.2%) responded strongly agree. Only five (5.7%) replied strongly disagree, 16 (18.2%) stated disagree, and 27 (30.7%) replied neither disagree nor agree that the company’s features or emphasis display a reasonable match with the local culture. Descriptive statistics are presented in Table 22.

**Table 22: Descriptive Statistics for Questions Measuring Cultural Match**

<table>
<thead>
<tr>
<th>Question 16</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>5</td>
<td>5.7</td>
</tr>
<tr>
<td>Disagree</td>
<td>16</td>
<td>18.2</td>
</tr>
<tr>
<td>Neither disagree or agree</td>
<td>27</td>
<td>30.7</td>
</tr>
<tr>
<td>Agree</td>
<td>31</td>
<td>35.2</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>9</td>
<td>10.2</td>
</tr>
</tbody>
</table>

The data above, just like many of the hypothesis test results discussed, could not really show a significant difference in people’s perception of the extent to which
the PM features or emphases displayed a reasonable match with the local culture. Although the responses in favour of a positive match reached 45.4% (‘Agree’ and ‘Strongly agree’) compared to the negative match of just 23.9% (‘Disagree’ and ‘Strongly disagree’), the responses totaling 30.7% that expressed a neutral point of view might suggest that a definite conclusion could not be reached for a few possible reasons: The first was that there could be inconsistency in the firms’ implementation of the PM systems in that the reward or the managers’ appraisal comments did not conform to what the PM focus was supposed to dictate. That is; the management actions just did not live with the PM focus and the corresponding objectives built into the PM system, thereby creating confusions or even contradiction with regard to the PM focus and hence expectations. Second, there could be unclear messages or inadequate communication about the PM focus as well as the performance objectives set, which could be the case where either the PM system itself did not have a proper PM process to transmit the PM objectives or the managers just did not communicate the PM objectives correctly. Third, there could be unstable direction of the PM focus such that the firms might have changed the focus or its relevant weightings of importance or priority every other year. Those possible reasons creating the ambiguity or even uncertainty for employees’ perfect understanding of their firms’ PM focus could as well be supported by the results derived from the responses given to the ‘PM focus’ questions 14A-H, iii which came out with an equal share between alignment and misalignment with the Chinese culture. Summary of the PM focus’ alignment and misalignment with Chinese culture respectively is given in Illustration Table 2 below:
**Illustration Table 2: PM focus’ alignment and misalignment with Chinese culture**

<table>
<thead>
<tr>
<th>Performance variables</th>
<th>Adopted PM Focus / Categorised Hofstede’s culture</th>
<th>Match with Chinese culture (Y / N)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business results vs. people engagement</td>
<td>Business results / STO</td>
<td>N</td>
</tr>
<tr>
<td>Compliance vs. commitment</td>
<td>Commitment / Low UA</td>
<td>Y</td>
</tr>
<tr>
<td>Organisational needs &amp; concerns vs. employee needs &amp; concerns</td>
<td>Organisational needs &amp; concerns / Masculine</td>
<td>Y</td>
</tr>
<tr>
<td>Outputs vs. behaviours</td>
<td>Outputs / STO</td>
<td>N</td>
</tr>
<tr>
<td>Individual decisions vs. group decisions</td>
<td>Group decisions / Collectivism</td>
<td>Y</td>
</tr>
<tr>
<td>Harmony vs. debates</td>
<td>Harmony / Feminine</td>
<td>N</td>
</tr>
<tr>
<td>Top down directions vs. encouraged employees’ participation</td>
<td>Encouraged employees’ participation / Low PD</td>
<td>N</td>
</tr>
<tr>
<td>Business ethics vs. business returns</td>
<td>Business ethics / LTO</td>
<td>Y</td>
</tr>
</tbody>
</table>

Based on the above discussions, a conclusion on the foreign firms’ PM focus displaying cultural match in China could not be reached with an adequate level of confidence.
5. What Do The Respondents Say About Management and Performance?

5.1 Introduction

This chapter focuses the examination on the findings of the survey relating to how the respondents assess the extent to which the formulation of PM practices in their companies is dependent on or linked with such organisational and business systems as business strategies, HRM practices, and management practices. Parallel to that assessment, the respondents’ evaluation of what may cause the effectiveness of PM practices will also be made. By reviewing these results, the author aims to further verify whether Chinese culture dominates foreign firms’ considerations in the design of foreign firms’ PM practices in China.

5.2 Performance Management Practices

Research Question 9

RQ9: In regard to foreign firms operating in China, how do participants score on questions measuring PM practices?

As PM is understood as a process which has implications at the employees’ output and behaviour levels and, more often than not, has the function of fulfilling the more strategic as well as commercial objective of accomplishing excellence in performance – the ‘ultimate PM objective’, investigations on the firms’ expectations or requirements of employees’ technical and behavioural competences should help explain whether the firms’ PMP formulation is influenced more by the ultimate PM
objective than any other factors. Investigations in that respect were therefore made through Questions 13A-E which covered a range of performance attributes such as the use of knowledge and skills; exercise of leadership and authority; care about the long-term consequences like the company’s reputation and employees’ development; and demonstration of positive work attitude and personal integrity, etc. Where appropriate, answers to Questions 13A-E could be used to further examine the answers to the related items under Question 14 investigating the surveyed firms’ PM focus so that inter-item consistency could be assessed. Participants were asked to indicate their understanding by rating them on a scale of ‘1’ to ‘5’ where ‘1’ indicates the least emphasis and ‘5’ indicates the most. When asked if knowledge and skills are the most important performance appraisal factors many (39, 44.3%) participants selected ‘4’, indicating close to the most emphasis. In response to the question that stated individual attitude and behaviours are as important as technical knowledge and skills in performance appraisal many (33, 37.9%) participants responded by selecting ‘4’. Question 13C stated punctuality for attendance at office is always counted in appraising performance and many (24, 27.6) participants responded with a ‘4’. Thirty (34.1%) participants answered ‘4’ in response to display willingness to take risk and 34 (38.6%) answered with a ‘3’ in response to display adherence to measure against risk. Responses to questions 13A-E are presented in Table 23.

**Table 23: Frequencies and Percentages for Questions 13A-E**

<table>
<thead>
<tr>
<th>Question</th>
<th>$n$</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical knowledge and skills are the most important performance appraisal factors</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Least emphasis</strong></td>
<td>14</td>
<td>15.9</td>
</tr>
<tr>
<td>2</td>
<td>12</td>
<td>13.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>3</td>
<td>17</td>
<td>19.3</td>
</tr>
<tr>
<td>4</td>
<td>39</td>
<td>44.3</td>
</tr>
<tr>
<td><strong>Most emphasis</strong></td>
<td>6</td>
<td>6.8</td>
</tr>
</tbody>
</table>

Individual attitude and behaviours are as important as technical knowledge and skills in performance appraisal

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>3</td>
<td>3</td>
<td>3.4</td>
</tr>
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<td>2</td>
<td>7</td>
<td>8.0</td>
</tr>
<tr>
<td>3</td>
<td>16</td>
<td>18.4</td>
</tr>
<tr>
<td>4</td>
<td>33</td>
<td>37.9</td>
</tr>
<tr>
<td><strong>Most emphasis</strong></td>
<td>28</td>
<td>32.2</td>
</tr>
</tbody>
</table>

Punctuality for attendance at office is always counted in appraising performance

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>3</td>
<td>10</td>
<td>11.5</td>
</tr>
<tr>
<td>2</td>
<td>11</td>
<td>12.6</td>
</tr>
<tr>
<td>3</td>
<td>21</td>
<td>24.1</td>
</tr>
<tr>
<td>4</td>
<td>24</td>
<td>27.6</td>
</tr>
<tr>
<td><strong>Most emphasis</strong></td>
<td>21</td>
<td>24.1</td>
</tr>
</tbody>
</table>

Display willingness to take risk

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<tbody>
<tr>
<td>3</td>
<td>8</td>
<td>9.1</td>
</tr>
<tr>
<td>2</td>
<td>17</td>
<td>19.3</td>
</tr>
<tr>
<td>3</td>
<td>22</td>
<td>25.0</td>
</tr>
<tr>
<td>4</td>
<td>30</td>
<td>34.1</td>
</tr>
<tr>
<td><strong>Most emphasis</strong></td>
<td>11</td>
<td>12.5</td>
</tr>
</tbody>
</table>

Display adherence to measure against risk

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>2</td>
<td>2.3</td>
</tr>
</tbody>
</table>
Based on the findings on Questions 13A-B, 70.1% of the responses indicated that the emphases of their company’s PM systems (“PMS”) on individual attitude and behaviours stood at the high end, i.e. rating 4 or 5, as compared to 51.1% of the same range of rating selected for technical knowledge and skills. A cross-examination of this result with that of Question 14D measuring the company’s PM focus between ‘behaviours’ and ‘outputs’ revealed a similar phenomenon that ‘outputs’ as the performance variable did not dominate the preference list held by the business enterprises in the Local Environment. The implications of Question 14D findings also suggested that ‘outputs’ should be a performance variable that lacked local Chinese cultural alignment while ‘outputs’ appeared to make sense in fulfilling the ultimate PM objective.

Questions 13 D-E showed a result which was far from certain in confirming whether the PMS emphases should expect employees’ willingness to take risk (commitment-based) or their adherence to measure against risk (compliance-driven) as the response in favour of rating 4 or 5 had been received at 46.6% for the former and 45.5% for the latter respectively. In fact, in a similar assessment in Question 14B which aimed to investigate the PM focus between ‘commitment’ and ‘compliance’, implications had been raised that the higher rating for ‘commitment’ could not be regarded as significant due to the ‘compliance’ focus being acceptable to
or practiced by the SOEs and even the socio-culture in China. In discussing the hypothesis test results on the PM focus variance scores between compliance and commitment in Chapter Four, it had been suggested that firms might be disposed towards cultural adaptation for eliciting employees’ extra-ordinary efforts and yet should be keen on ensuring the PM practices would support attainment of better economic performance. Therefore, it is likely that cultural alignment and performance fulfillment could have been given different priority by different firms, thus making either of them not having significant weight over each other as a part of the PMP formulation factors.

Question 13C on punctuality was intended to find out whether the definition of performance expectations in terms of actions and behaviours should be established towards a more strategic ends such that the process would provide ‘a strategic and integrated approach to delivering sustained success to organisations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors’ (Armstrong, 1998). A process with emphasis in managing performance fulfillment, in terms of both organisational success and people development, could be seen as being more reflective of the firm’s strategic directions and hence commercial intentions of fulfilling the ultimate PM objective. This would contrast with the process having emphasis in managing individual employees’ conduct such as their punctuality which could be more indicative of the firm’s operational, if not philosophical, directions and hence the likely management styles or even cultural orientations. The result showing just slightly above half (51.7%) of the respondents selected the rating of 4 to 5 by PMS emphasis on punctuality might imply that there were firms which put cultural alignment or management styles as a higher priority while a more or less the same number of firms ranked the strategic directions as well
as the ultimate PM objective higher. Such a result, again, could not provide much significant support that culture should be a factor dominating the firms’ PMP formulation decisions.

Apart from assessing the influence of the ultimate PM objective in PMP formulation discussed above, further investigation as to whether a firm’s core values might influence the PMP design was also made to assess the potential impact of cultural factors on PMP formulation. It is believed that a firm’s core values, by reason of their representation of the firm’s philosophical as well as ethical bottom-line embedded in their management systems, may determine the firm’s level of threshold of accommodating different cultures of different values. As core values need to be expressly communicated by way of written policy or prescribed process to enable proper guidance to employees, questions 13 H, I, N, O, P, and Q exploring the policy and process of the firms’ PM systems were therefore raised to dig out the core values in line with which the PMP had been designed. By diagnosing whether the design of the PMP is more driven by the more philosophical core values underlying the adopted policy and process or rather led by the ultimate PM objective of sustaining organisational success through the use of a PMS which carries strategic directions like that discussed in the foregoing paragraph, assessment of the weight between the ultimate PM objective and core values as a PM focus determinant, partial or whole, can be made for estimating the influence of culture based on the latitude of the core values immersed in the PMP design.

According to Fai and Morgan (2006), the key elements of PM should include formulating individual performance goals and indicators; and providing feedback and opportunities for improvement through training and development. As such, a set of
policy and process which incorporates those key elements should be suggesting that the PMP concerned is likely to serve the purpose of fulfilling the ultimate PM objective.

Being asked in pairs, questions 13H-I (where 13H put the act of challenging manager’s instructions as inviting punishment while 13I viewed such an act as well received) aimed to find out if the policy and process acted to establish the performance goals from the top hierarchy. For a goal-setting approach that embodies what Fletcher (2002) called a ‘control process that tries to ensure the subordinates act in accordance with organisational goals’ (p.116), there should be some form of the PM element that seeks individual and organisational objectives’ alignment based on the performance goals and indicators. Findings showed that the mean score was higher \( (M = 3.36, SD = 0.79) \) for 13I, demonstrating the firms’ higher regard of the need for employees to ensure they had their views discussed before clarifying performance goal alignment and accepting the instructions from the top.

The paired questions 13N-O (where 13N confirmed that employees’ development plan counted as a part of the appraisal factors and would impact the rating while 13O revealed that employees’ development plan would form part of the appraisal system but had no impact on the rating) aimed to understand if the policy and process required the managers to assist in their employees’ development plans. Following the comment of Rubienska and Bovaird, (1999) recognising the need to ‘focus on career and personal development that could lead to continuous improvement in performance’, the requirement of planning employees’ development would act as a PM element to help identify opportunities for improvement through training and development. Findings revealed that the mean score was higher \( (M = 3.32, SD = \)
1.31) for 13N, showing that the firms used the linkage between the employees’ development plan and the performance rating to ensure due conformity to the specific PM requirement of pursuing continuous performance improvement.

The paired questions 13P-Q (where 13P recognised employees’ feedback and comments as forming a part of the appraisal system and requiring managers’ written feedback while 13Q just omitted the manager’s feedback requirement) served the purpose of studying whether feedback dialogues were mandated in the PM policy and process to attain ongoing performance improvement. According to (Guzzo et al; 1985), there is considerable evidence that performance feedback, if given appropriately, can bring substantial improvements in future performance. Hofstede (1991) also suggests that ‘by providing continuous feedback, employees know where to focus for improvement’ (p. 51). As such, the PM approach that requires feedback dialogues between the manager and the employee should be seen as brewing a key element to cater for the ultimate PM objective. Findings showed that the mean score was higher ($M = 3.59$, $SD = 1.10$) for 13P, suggesting further that the firms highly valued the importance of ongoing and future performance improvement by making the two-way flow of feedback a mandatory PM requirement.

Integrating the findings of questions 13 H, I, N, O, P, and Q, an observation could be reached in that the firms’ PM systems had generally and consistently embraced the features of and even emphases on the requirements in terms of both the policy and process contributing to the fulfillment of the ultimate PM objective. Besides, such a consistency in the findings in each paired group of questions above showing the inclusion of those features and emphases meant to be the ultimate PM objective contributors could also imply that, in the absence of any observations showing a
practice contrary to that of the ultimate PM objective contributors which stood higher by the score of favour in any of the paired group assessments above, the PMP formulation had largely followed the firms’ strategic directions which shaped the PM objectives.

Descriptive statistics are presented in Table 24.

Table 24: Descriptive Statistics for Questions Relating to PM Practices

<table>
<thead>
<tr>
<th>Questions</th>
<th>Min.</th>
<th>Max.</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>13H</td>
<td>1.00</td>
<td>5.00</td>
<td>2.45</td>
<td>1.27</td>
</tr>
<tr>
<td>13I</td>
<td>2.00</td>
<td>5.00</td>
<td>3.36</td>
<td>0.79</td>
</tr>
<tr>
<td>13N</td>
<td>1.00</td>
<td>5.00</td>
<td>3.32</td>
<td>1.31</td>
</tr>
<tr>
<td>13O</td>
<td>1.00</td>
<td>5.00</td>
<td>2.52</td>
<td>1.24</td>
</tr>
<tr>
<td>13P</td>
<td>1.00</td>
<td>5.00</td>
<td>3.59</td>
<td>1.10</td>
</tr>
<tr>
<td>13Q</td>
<td>1.00</td>
<td>5.00</td>
<td>2.80</td>
<td>1.23</td>
</tr>
</tbody>
</table>

5.3 Effectiveness of Performance Management Practices

Research Question 10

RQ10: In regard to foreign firms operating in China, how do participants score on questions measuring effectiveness of PM practices?

To examine the effectiveness of PM practice, descriptive statistics were conducted on survey questions 17i-ii, 11 and 12. The participants who responded to question 17i-ii were dependent upon the responses to question 16 of which the result had been discussed in Chapter Four concerning the respondents’ observations as to whether the surveyed firms’ PMS features or emphases display a reasonable match with the
Chinese culture. The respondents who held a negative or even neutral opinion of the cultural match in question would be asked to respond to questions 17 which states, “If your answer to question 16 is ‘strongly disagree’; ‘disagree’; or ‘neither disagree nor agree’, do you agree that the cultural mismatch, however little or much, can impact the effectiveness of the PM system or the employees’ ability to fulfill the performance expectation or requirements?”

Question 17i invited the respondents’ opinion as to whether the cultural mismatch which they had concluded in their response to Question 16 could impact the effectiveness of the PM system. Forty-eight (54.5%) participants responded to the question. Of those who responded, the majority (26, 54.2%) reported ‘agree’ and one (2.1%) reported ‘strongly agree’. Three (6.3%) people reported ‘strongly disagree’, six (12.5%) responded ‘disagree’, and 12 (25.0%) stated ‘neither disagree nor agree’ that the cultural mismatch could impact the effectiveness of the PM system. The result showed that a majority of the respondents believed that cultural mismatch could have impact on the effectiveness of the PM system.

Question 17ii stated, “The employees’ ability to fulfill the performance expectation or requirements.” Forty-eight (54.4%) participants responded to the question. Of those who responded, the majority (24, 50.0%) reported ‘agree’ and one (2.1%) reported ‘strongly agree’. Four (8.3%) reported ‘strongly disagree’, 12 (25.0%) reported ‘disagree’, and 7 (14.6%) stated ‘neither disagree nor agree’. The result showed that a majority of the respondents also believed that cultural mismatch could impact the employees’ ability to achieve PM fulfillment. As one of the major functions of PM systems is to enable the employees to act and perform according to the organisational objectives, the employees’ PM fulfillment ability being impacted by
the cultural match would also likely affect the effectiveness of the PM system.

Integrating the findings revealed by questions 17i-ii, it appeared that people generally believed that cultural mismatch should have impact on the effectiveness of the PM system. Descriptive statistics are presented in Table 25.

**Table 25: Descriptive Statistics for Impact of Cultural Mismatch on - Effectiveness of PM Practices; and Employees’ ability to perform**

<table>
<thead>
<tr>
<th>Question</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Question 17i - Effectiveness of PM Practices</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>3</td>
<td>6.3</td>
</tr>
<tr>
<td>Disagree</td>
<td>6</td>
<td>12.5</td>
</tr>
<tr>
<td>Neither disagree nor agree</td>
<td>1</td>
<td>25.0</td>
</tr>
<tr>
<td>Agree</td>
<td>2</td>
<td>54.2</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>1</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>Question 17ii - Employees’ ability to perform</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>4</td>
<td>8.3</td>
</tr>
<tr>
<td>Disagree</td>
<td>1</td>
<td>25.0</td>
</tr>
<tr>
<td>Neither disagree nor agree</td>
<td>7</td>
<td>14.6</td>
</tr>
<tr>
<td>Agree</td>
<td>2</td>
<td>50.0</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>1</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Question 11 stated, “What is your personal evaluation on the effectiveness of your company’s PM system?” Eighty-six (97.7%) participants responded to the question. Of those who responded, the majority (59, 68.6%) reported ‘effective’ and seven (8.1%) reported ‘extremely effective’. Three (3.5%) found their company’s PM system to be ‘ineffective’, 17 (19.8%) replied ‘neither effective nor ineffective’, and
no one (0.0%) reported ‘extremely ineffective’. The result showed that there were a majority of respondents who evaluated their firms’ PM system as effective. Nevertheless, this question just dealt with the respondents’ personal views which did not have explicit association with cultural match being confirmed as the cause of the effectiveness. Descriptive statistics are presented in Table 26.

Table 26: Descriptive Statistics for Effectiveness of PM Practices

<table>
<thead>
<tr>
<th>Question</th>
<th>$n$</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question 11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extremely effective</td>
<td>7</td>
<td>8.1</td>
</tr>
<tr>
<td>Effective</td>
<td>5</td>
<td>68.6</td>
</tr>
<tr>
<td>Neither effective nor ineffective</td>
<td>1</td>
<td>19.8</td>
</tr>
<tr>
<td>Ineffective</td>
<td>3</td>
<td>3.5</td>
</tr>
<tr>
<td>Extremely ineffective</td>
<td>0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

For question 12, participants were asked to indicate which of the following phenomena/conditions best describes the cause of effectiveness/ineffectiveness in their company’s PM system. Participants were told they could endorse more than one option in response to this question. The percentages that were included in the table indicated the percentage of people who endorsed each response versus those who did not. Fifty-one (58.0%) participants responded ‘management practice’. Respondents gave a higher vote to ‘management practices’ as the cause of effectiveness/ineffectiveness of the PM system. It is worth noting that ‘culture’ had the lowest vote as having impact on the PM effectiveness or ineffectiveness. Responses to question 12 are presented in Table 27.
Table 27: Frequencies and Percentages for Question 12

<table>
<thead>
<tr>
<th>Question</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Please indicate which of the following phenomena/conditions best describes the cause of effectiveness/ineffectiveness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management practice</td>
<td>51</td>
<td>58.0</td>
</tr>
<tr>
<td>Training adequacy</td>
<td>36</td>
<td>40.9</td>
</tr>
<tr>
<td>System implementation</td>
<td>42</td>
<td>47.7</td>
</tr>
<tr>
<td>System integration</td>
<td>27</td>
<td>30.7</td>
</tr>
<tr>
<td>Culture</td>
<td>22</td>
<td>25.0</td>
</tr>
</tbody>
</table>

Integrating the findings revealed by questions 17i-ii, 11 and 12, it appeared that the respondents generally believed that cultural mismatch should have impact on the effectiveness of the PM system. When 8.1% and 68.6% of the responses to Question 11 indicated that the PM practices were extremely effective and effective respectively, what could that imply in relation to the impact of culture on PM effectiveness? According to the answers to Question 12, it was management practices that had been seen as the mostly rated (58%) cause of the effectiveness of the PM system when culture was instead least rated (25%). Being ranked the lowest ranked factor as the cause of PM effectiveness among such other factors as management practices, training adequacy, system implementation, and system integration, the extent to which ‘culture’ could influence PM effectiveness was therefore doubtful. As such, it should be concluded that there was no significant evidence that ‘culture’ would contribute to the effectiveness of the PM practices used by the surveyed firms in China.
5.4 Business Strategy

Research Question 11

RQ11: In regard to foreign firms operating in China, how do participants score on questions measuring business strategy?

To examine the part that business strategy might play in PMP, descriptive statistics were conducted on survey questions 6, 7, 8 & 9.

Question 6 stated, “What’s the nationality of your organisation’s top manager such as Chairman/CEO/Managing Director?” The response options included: ‘same as the Parent Company’s home country’; ‘Chinese National – Local Citizen’; ‘Chinese National – Chinese Overseas Returnee’; ‘Chinese Overseas Returnee with Foreign Nationality (holding foreign passport)’; or ‘other Foreign Countries (Third Country Nationals)’. Many (39, 44.8%) participants reported ‘same as the Parent Company’s home country’, while nineteen (21.8%) responded ‘Chinese National – Local Citizen’ and seven (8.0%) responded ‘Chinese National – Chinese Overseas Returnee’. Ten (11.5%) stated ‘Chinese Overseas returnee with Foreign Nationality (holding foreign passport)’ and twelve (13.8%) reported ‘Other Foreign Countries (Third Country Nationals)’. It could therefore be found that the number of foreign firms which were currently deploying the home-country nationals to assume the host country’s top-manager post outweighed that where people of other or local nationalities were deployed.

Question 7 stated, “What’s the nationality of your immediate supervisor/manager?” The response options included: ‘same as the Parent Company’s home country’;
‘Chinese National – Local Citizen’; ‘Chinese National – Chinese Overseas Returnee’; 
‘Chinese Overseas Returnee with Foreign Nationality (holding foreign passport)’; or 
‘other Foreign Countries (Third Country Nationals)’. Ten (11.9%) participants 
reported ‘same as the Parent Company’s home country’, while many (50, 59.5%) 
responded ‘Chinese National – Local Citizen’ and only three (3.6%) responded 
‘Chinese National – Chinese Overseas Returnee’. Eight (9.5%) stated ‘Chinese 
Overseas Returnee with Foreign Nationality (holding foreign passport)’ and thirteen 
(15.5%) reported ‘other Foreign Countries (Third Country Nationals)’. In terms of 
the appointment to the supervisory/managerial posts, Chinese national – local citizens 
outnumbered others as the group currently on the post.

Question 8 stated, “Based on your understanding, your organisation only appoints 
employees from the parent company’s home country to the top manager’s position.” 
The response options ranged from ‘always’ to ‘never’. Many (41, 47.1%) 
participants reported ‘usually’ while only eight (9.2%) participants responded 
‘always’. Ten people (11.5%) stated ‘very often’, 13 (14.9%) reported ‘seldom’ and 
15 (17.2%) replied ‘never’. This result showed that a majority of the respondents 
believed that their firms were highly inclined to appointing employees from home 
country to the top manager’s position in the Chinese business operation.

Question 9 stated, “Based on your understanding, your organisation only appoints 
employees with overseas working experience (including that in Hong Kong) to 
supervisory or managerial positions.” The response options ranged from ‘always’ to 
‘never’. Many (33, 38.8%) participants reported ‘usually’, while five (5.9%) 
responded ‘always’ and five (5.9%) responded ‘never’. Ten people (11.8%) stated 
‘very often’ and 32 (37.6%) reported ‘seldom’. The responses to this question varied
considerably although on aggregate most responses suggested that the practice of appointing only the employees with overseas working experience to supervisory/managerial positions was more prevalent.

All of the above questions could be seen as examining the elements relevant to strategy because they represented in general global firms’ staffing strategy options towards the ends of ensuring the deployment or appointment would fit the local environment in business contexts and, very often, permitting the parent company’s strategic management of cross-border businesses. Summing up the above findings, it could be seen that most firms’ strategies were marked by the need to maintain parent company control through appointing a staff from the parent company to head the host country’s operations. The preference of placing employees with overseas working experience would also imply that these firms tended to rank international experience more highly than local experience when assigning supervisory/managerial appointment. That preference should not be surprising as the firms might worry that the local Chinese workers lacked the international exposures and visions to support the firms’ global practices. All in all, the ends of serving the strategic management of global businesses appeared to be prevailing. Descriptive statistics are presented in Table 28.

<table>
<thead>
<tr>
<th>Question</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question 6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parent Company</td>
<td>39</td>
<td>44.8</td>
</tr>
<tr>
<td>Local Citizen</td>
<td>19</td>
<td>21.8</td>
</tr>
</tbody>
</table>

Table 28: Descriptive Statistics for Questions Measuring Overall Practices
<table>
<thead>
<tr>
<th>Chinese Overseas Returnees</th>
<th>7</th>
<th>8.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>(“COR”)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COR – Foreign Nationality</td>
<td>10</td>
<td>11.5</td>
</tr>
<tr>
<td>Third Country Nationals</td>
<td>12</td>
<td>13.8</td>
</tr>
</tbody>
</table>

**Question 7**

<table>
<thead>
<tr>
<th>Parent Company</th>
<th>10</th>
<th>11.9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Citizen</td>
<td>50</td>
<td>59.5</td>
</tr>
<tr>
<td>Chinese Overseas Returnees</td>
<td>3</td>
<td>3.6</td>
</tr>
<tr>
<td>(“COR”)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COR – Foreign Nationality</td>
<td>8</td>
<td>9.5</td>
</tr>
<tr>
<td>Third Country Nationals</td>
<td>13</td>
<td>15.5</td>
</tr>
</tbody>
</table>

**Question 8**

<table>
<thead>
<tr>
<th>Always</th>
<th>8</th>
<th>9.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very often</td>
<td>10</td>
<td>11.5</td>
</tr>
<tr>
<td>Usually</td>
<td>41</td>
<td>47.1</td>
</tr>
<tr>
<td>Seldom</td>
<td>13</td>
<td>14.9</td>
</tr>
<tr>
<td>Never</td>
<td>15</td>
<td>17.2</td>
</tr>
</tbody>
</table>

**Question 9**

<table>
<thead>
<tr>
<th>Always</th>
<th>5</th>
<th>5.9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very often</td>
<td>10</td>
<td>11.8</td>
</tr>
<tr>
<td>Usually</td>
<td>33</td>
<td>38.8</td>
</tr>
<tr>
<td>Seldom</td>
<td>32</td>
<td>37.6</td>
</tr>
<tr>
<td>Never</td>
<td>5</td>
<td>5.9</td>
</tr>
</tbody>
</table>
To examine further whether the surveyed firms’ PMP might be involved in any moves or activities supporting the business strategy, survey questions 10 and 15 were raised to obtain the supplementary information. Participants were asked in survey question 10 if their company had changed their PM system in the past five years. Thirty-seven (44.0%) participants said ‘yes’, 16 (19.0%) participants said ‘no’, and 31 (36.9%) participants were uncertain. Question 15 stated, “Based on your understanding, do you agree that your company’s PM system follows that which is used in the parent company.” The response options ranged from ‘strongly disagree to strongly agree’. Many (37, 42.0%) participants reported ‘agree’, 13 (14.8%) reported ‘strongly agree’; while 10 (11.4%) responded ‘strongly disagree’, 12 (13.6%) replied ‘disagree’, and 16 (18.2%) stated ‘neither disagree nor agree’. Descriptive statistics are presented in Table 29. Disregard the response about the PM system change being not perfectly validated due to the less-than-significant data given in that the ‘yes’ feedback (44.0%) could be weakened by the ‘uncertain’ feedback (36.9%) together with the ‘no’ feedback (19%), responses to Question 15 showing altogether 56.8% of the respondents strongly agreed or agreed that their firms followed the parent company’s PM system should imply that a sort of ethnocentric or centralization strategy in managing global businesses might have been applied.
Table 29: Frequencies and Percentages for Question 10

<table>
<thead>
<tr>
<th>Question</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Question 10</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Has your company changed the PM system in the past 5 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>37</td>
<td>44.0</td>
</tr>
<tr>
<td>No</td>
<td>16</td>
<td>19.0</td>
</tr>
<tr>
<td>Not sure</td>
<td>31</td>
<td>36.9</td>
</tr>
<tr>
<td><strong>Question 15</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>10</td>
<td>11.4</td>
</tr>
<tr>
<td>Disagree</td>
<td>12</td>
<td>13.6</td>
</tr>
<tr>
<td>Neither disagree nor agree</td>
<td>16</td>
<td>18.2</td>
</tr>
<tr>
<td>Agree</td>
<td>37</td>
<td>42.0</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>13</td>
<td>14.8</td>
</tr>
</tbody>
</table>

5.5 Management Practices

Research Question 12

RQ12: In regard to foreign firms operating in China, how do participants score on questions measuring management practices?

To examine the part that management practices might play in PMP, descriptive statistics were conducted on three separate groups of survey questions – one was the set of questions 13 F and G, J-M, the other group was 14 Ai-ii, Gi-ii, and Hi-ii, and
the last was 13R. For the group of questions 13F-G and J-M, they aimed more to find out surveyed firms’ prevailing leadership behaviours and management agendas. For the list of questions 14, they were used to ascertain the PM focus that the firms desired to apply to their PMP under the business-as-usual circumstances, i.e., when not pressed by any emerging social or political agendas. Lastly, question 13R aimed to find out the organisation-wide management practices in dealing with employees’ disagreement or objection to their PM evaluation results, thereby evaluating the impact of management practices on PMP.

As an attempt to test the inter-item consistency, questions 13 F-G, J-K, L-M; and 14Ai-ii, Gi-ii, Hi-ii were grouped in pairs so that a comparative review of each of the paired questions showing the mutually contrasting or otherwise reinforcing performance directions or focus in terms of the leadership behaviours or management practices being examined could be made to ascertain the true phenomena. Participants were instructed to respond to the questions using a five-point Likert type scale (one indicates the least emphasis and five indicates the most emphasis).

Questions 13F-G and J-M were considered relevant to examination of management practices because they touched on the managerial process of influencing behaviours in organisations such that the shared goals should be communicated to employees for them to be guided towards the expected activities and performance standards, which should include leadership behaviours; personal attitudes; and firm-led practices in doing businesses, to achieve the organisational goals. Also, the reason why the issues of leadership, integrity and firm reputation had been put to the fore was because of their association with the issues relevant to the managerial perspective for managing business enterprises. According to Purcell et al (2003), the way line
managers show leadership in dealing with employees and in exercising control comes through as a major issue that affects organisational performance. Commenting on the managerial perspective that puts stress on the use of rationality, leadership and authority to influence the development of organisations, Mabey, Salaman, Storey (2002) argue that decisions in organisations are coloured by irrationality and politics, where the social and political agendas and logics may determine what will be seen as rational and appropriate principles. Where the social and political agendas and logics vary and business performance and development are at stake, decisions or concerns pertaining to personal integrity and firm reputation should be the issues to be addressed within the framework of management practices. Descriptive statistics are presented in Table 30.

Table 30: Descriptive Statistics from Question 12 Measuring Management Practices

<table>
<thead>
<tr>
<th>Question</th>
<th>Min</th>
<th>Max</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question 13F</td>
<td>1.00</td>
<td>5.00</td>
<td>3.76</td>
<td>1.07</td>
</tr>
<tr>
<td>Question 13G</td>
<td>1.00</td>
<td>5.00</td>
<td>3.65</td>
<td>0.94</td>
</tr>
<tr>
<td>Question 13J</td>
<td>1.00</td>
<td>5.00</td>
<td>3.57</td>
<td>1.15</td>
</tr>
<tr>
<td>Question 13K</td>
<td>1.00</td>
<td>5.00</td>
<td>3.66</td>
<td>1.22</td>
</tr>
<tr>
<td>Question 13L</td>
<td>1.00</td>
<td>5.00</td>
<td>3.66</td>
<td>1.21</td>
</tr>
<tr>
<td>Questions 13M</td>
<td>1.00</td>
<td>5.00</td>
<td>3.72</td>
<td>1.28</td>
</tr>
</tbody>
</table>

Where,

- 13F stated, “Managers’ display of leadership that directs employees to act with the company instruction in mind”
- 13G stated, “Managers display of leadership that supports staff to act with
flexibility”

- 13J stated, “Exercise of personal integrity is required in all internal and external activities including attempts to win business deals”
- 13K stated, “Care about firm reputation is required in all internal and external activities including attempts to win business deals”
- 13L stated, “Exercise of personal integrity is required in all internal and external activities including attempts to develop client relationship”
- 13M stated, “Care about firm reputation is required in internal and external activities including attempts to develop client relationship”

The findings on the part played by management practices in the context of leadership behaviours and management agendas were interesting because all the differences in the mean score between each paired group of questions were as minimal as 0.06 up to 0.11 and therefore were not significant. This appeared to be quite similar to the conclusion made in Chapter Four that there was no adequate confidence level to claim that the Chinese culture had significant influence on PM focus. The possible explanation for the above findings could be that people of the management teams in all organisations were invariably pressed by the need to act according to circumstances just to make sure the organisation could respond in the right fashion to the right situations to strive for performance and success. As Bratton and Gold (2003) suggest, a balance of management and leadership should be necessary for a work organisation to operate effectively. Laurent (1986) and Hofstede (1980) also argue that management methods may succeed in one culture but backfire in another. Appreciating the need to balance between management and leadership and to guard against any cultural backfire likely to be triggered by any rigid or static management methods, firms operating in an overseas location, like China, might have to navigate
their management agendas in an ambidextrous manner or a hybrid style so that the issues of managers’ leadership, employees’ personal integrity, and firm reputation could be addressed according to the social and political agendas and logics that should fit the organisations’ specific needs and contexts for achieving performance in the host country.

Questions 14A, G, Hi-ii were there to help identify the firms’ desired PM focus that should generally be guided by the corporate management philosophy. The findings thereof would be compared to the results obtained from the analyses of Questions 14A, G, Hiii (discussed in Chapter Four) which required the firms to choose the more desirable PM focus item from two when the management team was pressed to make only one choice. By elucidating the PM focus as desired by management philosophy or only desirable by PMP priority, the evaluation of the impact of management practices on PMP would be made possible.

Question 14 stated, “In performing their duties and responsibilities, employees may be advised, explicitly or not, of the purposes/achievement focus that their performance is expected to fulfill.” Participants were instructed to respond to items using a five-point Likert type scale (one indicates the lowest degree and five indicates the highest degree). Descriptive statistics are presented in Table 31.
Table 31: Descriptive Statistics from Question 14 Measuring Management Practices

<table>
<thead>
<tr>
<th>Question</th>
<th>Min</th>
<th>Max</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question 14Ai</td>
<td>1.00</td>
<td>5.00</td>
<td>4.06</td>
<td>0.89</td>
</tr>
<tr>
<td>Question 14Aii</td>
<td>2.00</td>
<td>5.00</td>
<td>3.77</td>
<td>0.84</td>
</tr>
<tr>
<td>Question 14Gi</td>
<td>1.00</td>
<td>5.00</td>
<td>3.74</td>
<td>0.99</td>
</tr>
<tr>
<td>Question 14Gii</td>
<td>1.00</td>
<td>5.00</td>
<td>3.96</td>
<td>0.85</td>
</tr>
<tr>
<td>Question 14Hi</td>
<td>1.00</td>
<td>5.00</td>
<td>4.24</td>
<td>0.93</td>
</tr>
<tr>
<td>Question 14Hii</td>
<td>1.00</td>
<td>5.00</td>
<td>3.16</td>
<td>1.26</td>
</tr>
</tbody>
</table>

Where,

- 14Ai stated, “Focus on business results (e.g. financial results, overall results against pre-set objectives)

- 14Aii stated, “Focus on people engagement (e.g. efforts expended in working towards results)”

- 14Gi stated, “Focus on managers’ ability to give top-down directions to employees (e.g. direct and close monitoring of employees’ work with minimal consultation)”

- 14Gii stated, “Focus on managers’ ability to encourage employees’ participation (e.g. elicit employees’ bottom-up suggestions for decision-making or improvement proposals)”

- 14Hi stated, “Focus on business ethics in the course of actions to win businesses (e.g. prohibit the use of methods or offer of benefits beyond the global standard adopted by the parent company)”

- 14Hii stated, “Focus on business returns in the course of actions to win businesses (e.g. win businesses by all means, including the use of methods or offer of benefits beyond the global standard adopted by the parent company)”
For the paired questions 14Ai-ii pertaining to business results and people engagement, a higher mean score ($M = 4.06, SD = 0.89$) was given to business results as the firms’ desired PM focus which was meant to represent the management practices under business-as-usual circumstances. This result, however, contrasted to Question 14Ai-iii when the requested forced ranking led to the management choice of people engagement (votes at 84.1%). On the other hand, the respective results for questions 14Gi-ii and 14Giii matched up with encouraged employees’ participation obtaining higher mean score ($M = 3.96, SD = 0.85$) and higher vote (65.7%); and questions 14Hi-ii and 14Hiii matched up with business ethics obtaining higher mean score ($M = 4.24, SD = 0.93$) and higher vote (84.2%). Those results showed that, like Chinese culture, the indication of management practices having dominant impact on PMP formulation could not really be solid due to the diverted PM focus found in 14Ai-iii under the forced-ranking requirement. The implication here, however, could be that, like the uncertainty on cultural alignment status according to the analyses made to questions 14A-Hiii-vi in Chapter Four, foreign firms operating in China could very often be faced with ambiguities as well as uncertainties in both the cultural and business aspects which would eventually call forth the firms’ need to strike a balance in formulating their practices for performance sustainability at all times.

For question 13R, participants were asked what would happen if an employee refused to sign on the appraisal form to acknowledge acceptance of the appraisal comments/ratings. Through checking on the general policy in handling staff grievances concerning performance comments/ratings vis-à-vis company actions prescribed in that respect, this question aimed to find out if there could be any linkage in a firm’s management philosophy governing its general staff management practices.
with the implementation of PMP to ensure the latter’s effectiveness. Participants were told they could endorse more than one option in response to this question. The percentages presented in the table below indicated the percentage of people who endorsed each response versus those who did not. Sixty-nine (78.4%) participants responded that the manager would speak with the employee to understand his/her view for reaching a consensus. Responses to question 13R are presented in Table 32.

**Table 32: Frequencies and Percentages for Question 13R**

<table>
<thead>
<tr>
<th>Question</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>What would happen if an employee refuses to sign on the appraisal form to acknowledge acceptance of the appraisal comments/ratings?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee would be punished for failing to cooperate</td>
<td>4</td>
<td>4.5</td>
</tr>
<tr>
<td>The appraisal comments will hold; disregard the employees’ disagreement</td>
<td>13</td>
<td>14.8</td>
</tr>
<tr>
<td>Manager will speak with employee to understand view and reach a consensus</td>
<td>69</td>
<td>78.4</td>
</tr>
<tr>
<td>HR staff will be asked to help manager and employee seek consensus</td>
<td>27</td>
<td>30.7</td>
</tr>
<tr>
<td>Case will be escalated to the next senior level manager for his/her disposal</td>
<td>31</td>
<td>35.2</td>
</tr>
</tbody>
</table>

It is clear that the above results showed favour to the practice of clarifying to seek
consensus between the manager and the employee when questions emerged from the PM process. This corresponded with the result of 13I which indicated the firms’ acceptance of employees’ challenges to managers’ instructions. By this alignment between the general staff management practices and the PM policy and process, it might imply that, to the extent of defining the PMP policy and process for implementation purposes, there should be a link between the management practices and the PMP formulation.

5.6 Human Resource Management Practices

**Research Question 13**

**RQ13:** In regard to foreign firms operating in China, how do participants score on questions measuring HRM practices?

To examine the part that HRM practices might play in PMP, descriptive statistics were conducted on survey questions 14B–Fi-ii. Those questions were deemed being associated with HRM practices as the selected scenarios could fall within the management disciplines of the HRM functions in a strategic context such as building a work climate to motivate employees via policies that address personal needs; fostering the commitment culture through programmes that enhance employee engagement; nurturing team spirit probably using group decision-making system; promoting employee relations perhaps by encouraging harmony relative to debates as meeting rituals; sustaining company performance with design of competency requirements around technical outputs or behavioural standards based on organisational objectives and needs; etc. By comparing those answers to the results of Questions 14B-Fi-iii (in Chapter Four) to explore the outcome compatibility, the
evaluation of the impact of HRM practices on PMP would be made possible.

Question 14 stated, “In performing their duties and responsibilities, employees may be advised, explicitly or not, of the purposes/achievement focus that their performance is expected to fulfill.” Participants were instructed to respond to items using a five-point Likert type scale (one indicates the lowest degree and five indicates the highest degree).

The results of comparing the above groups of HRM practices’ questions to the PM focus’ questions in Chapter Four revealed that two HRM practices related results did not match the PM focus results while the other three groups matched up by the results. The non-compatible results concerned were from questions 14Bi-ii concerning focus on compliance or commitment and questions 14Fi-ii concerning focus on harmony or debates. The HRM result on compliance/commitment showed a higher mean score (M = 4.17, SD = 0.89) for compliance versus higher vote (63.5%) for commitment in PM focus questions. The HRM result on harmony/debates showed a higher mean score (M = 3.69, SD = 0.93) for debates versus higher vote (73%) for harmony in PM focus questions. Again, and similar to other earlier observations, a definite confirmation on HRM practices’ impact on PMP formulation could not be reached because of the discrepancy in the result on PM focus for two questions out of five.

The implications from the foregoing results could be that the uncertainty of the business environment, institutional and political structures, and social as well as cultural orientations in China just posed threats and discomfort to the foreign firms in managing their businesses. Besides, organisational decisions on any strategic moves, be it international HRM practices or corporate-wide management practices, could be easily susceptible to the ambiguities encountered in the host country and should
therefore be subject to the organisations’ assessment of the desired weights between the social values and commercial benefits. Descriptive statistics are presented in Table 3.

**Table 33: Descriptive Statistics for Questions relating to HRM Practices**

<table>
<thead>
<tr>
<th>Question</th>
<th>Min</th>
<th>Max</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus on employees compliance (14Bi)</td>
<td>1.00</td>
<td>5.00</td>
<td>4.17</td>
<td>0.89</td>
</tr>
<tr>
<td>Focus on employees commitment (14Bii)</td>
<td>1.00</td>
<td>5.00</td>
<td>3.94</td>
<td>0.94</td>
</tr>
<tr>
<td>Focus on organisational needs and concerns (14Ci)</td>
<td>1.00</td>
<td>5.00</td>
<td>3.66</td>
<td>0.91</td>
</tr>
<tr>
<td>Focus on employees need and concerns (14Cii)</td>
<td>2.00</td>
<td>5.00</td>
<td>3.55</td>
<td>0.84</td>
</tr>
<tr>
<td>Focus on subordinates outputs (14Di)</td>
<td>1.00</td>
<td>5.00</td>
<td>3.83</td>
<td>0.82</td>
</tr>
<tr>
<td>Focus on subordinates behaviours (14Dii)</td>
<td>1.00</td>
<td>5.00</td>
<td>3.64</td>
<td>0.95</td>
</tr>
<tr>
<td>Focus on individual decisions (14Ei)</td>
<td>2.00</td>
<td>5.00</td>
<td>3.56</td>
<td>0.83</td>
</tr>
<tr>
<td>Focus on group decisions (14Eii)</td>
<td>1.00</td>
<td>5.00</td>
<td>3.77</td>
<td>0.96</td>
</tr>
<tr>
<td>Focus on harmony (14Fi)</td>
<td>1.00</td>
<td>5.00</td>
<td>3.47</td>
<td>0.79</td>
</tr>
<tr>
<td>Focus on debates (14Fii)</td>
<td>2.00</td>
<td>5.00</td>
<td>3.69</td>
<td>0.93</td>
</tr>
</tbody>
</table>
6. DISCUSSIONS AND CONCLUSIONS

6.1 Review of the Five Problem Statements

In this chapter, the author will perform a study based on the survey response obtained to explore the answers to the five problem statements which this research is attempting to address as so presented in Chapter One. In the study to identify answers to the problem statements, the conditions of the PM practices reported in the survey as being used by the foreign firms operating in China will be discussed. It is the aim of this discussion to dig out more insights into the relevant questions and scenarios that may provide more information to the organisations currently or about to be operating in China for their review of their management practices and strategies to support their business running there by studying the implications of the impact of cultural orientation on the design and effectiveness of PM practices for foreign firms.

6.1.1 Answer to Problem Statement One: To what extent does Chinese culture have impact on the formulation of the PM practices in foreign firms operating in China?

Answer to this problem statement can be found in the responses to questions 13A-E; 13H, I, N-P; and 14A–H iii as these questions direct the respondents to identify the PM practices and focus items which they understand represent the performance expectations or requirements and hence are reflective of their firms’ PM culture (“PM culture”). At the same time, answers to questions 14A – H iv–vi should indicate the survey respondents’ perception of whether the
surveyed firms’ culture is acceptable to the Chinese culture and the local market practices, thereby finding the extent to which there can be considerations of cultural alignment in the firms’ PM design. In addition, question 16 will provide further information on the extent to which the surveyed firms’ PM system display features or emphases that are regarded as reasonably matching with the Chinese culture.

Based on the findings revealed by questions 14A-H iii concerning the ‘PM focus’ adopted by the surveyed firms as discussed in Chapter Four, there was an equal share of results showing match and otherwise mismatch of the adopted PM focus with the Chinese culture in terms of the dimensions defined along Hofstede’s Cultural Index and Scorings (Figure 1) and the categorisation of cultural orientation for performance characteristics (Illustration Table 1) discussed in Chapter 4.2.2. In summary, misalignment with Chinese culture was found in the PM focus representing the cultural dimensions of short-term orientation, femininity, and low power distance from such respective performance variables dealing with business results, outputs, harmony, and engaged employees’ participation. Simultaneously, alignment with Chinese culture was found in the dimensions suggesting low uncertainty avoidance, masculinity, collectivism, and long-term orientation out of the PM focus on commitment, organisational needs and concerns, group decisions, and business ethics respectively. As noticed, there were indications of PM focus favouring short-term orientation for the performance variables around business results and outputs on the one hand but sticking to long-term orientation for the performance variable over business ethics on the other. Furthermore, the feminine culture indicated by the PM focus on harmony was contrasted by the masculine culture suggested by the
focus on organisational needs and concerns. Such a finding of insignificant case of PM focus’ match with the Chinese culture could also be proved by the hypothesis test results which showed that, except for the paired group of performance variables covering individual decisions vs. group decisions, there was no significant difference in the variance scores showing the firms’ use of either of the given performance variables in each paired group as the PM focus. The low PM focus variance scores for the large majority of the paired groups of performance variables might suggest that there was no obvious or absolute emphasis of one performance variable above the other. As the performance variables were meant to represent specific Chinese cultural dimensions using Hofstede’s model, the non-distinguishable emphasis in any PM focus indicated that cultural impact had not been detected as significant.

While questions 14A-Hiii revealed the surveyed firms’ choice of PM focus which might suggest the degree of local cultural alignment with their PM practices, questions 14A-Hiv-vi were there to dig out further as to whether the firms’ PM focus was perceived to be culturally acceptable to the state-owned enterprises, the local business market’s practice, and the socio-culture of China. Findings showed that, again, there was no obvious dominance of cultural match or mismatch around the firms’ PM focus. As an attempt to cross examine the result on the acceptability of the firms’ culture to the Chinese culture and local market practices, question 16 which inquired about the respondents’ perception as to whether there was a match of the PM culture with the Chinese culture had been raised to provide more supporting hints. The survey data showed that only around 45.4% of the respondents believed there was a cultural match while the rest of them expressed disagreements or doubts, i.e. neither agreed nor disagreed.
that there was a sign of cultural match. Integrating this result with the one that pointed to the cultural impact as being not significant, it could be further suggested that the extent to which Chinese culture had impact on foreign firm’s formulation of PM practices was not significant.

To investigate further as to whether the phenomenon of cultural impact being insignificant as suggested by the above findings should as well be observable in the firms’ process and management routines embedded in the PM practices, cross examination of the relevant items within the set of questions 14 had been done involving related items in questions 13. Responses to questions 13A-B showed that individual attitude and behaviours ranked higher (70.1%) than technical knowledge and skills (51.1%) as PM focus. At the same time, question 14D revealed that ‘outputs’, though more widely adopted than ‘behaviours’ as PM focus in the surveyed firms, were not quite acceptable to the local enterprises. For questions 13 D-E, the results showed that the PM focus on employees’ willingness to take risk (commitment-based) (46.6%) did not have much significant dominance over that on employees’ adherence to measure against risk (compliance-driven) (45.5%). Interesting enough, the result of question 14B also showed that the higher rating for ‘commitment’ could not be regarded as significant due to the comparative focus of ‘compliance’ being acceptable to or practiced by the SOEs and even the socio-culture in China. Those results might therefore imply that there was not much significant support about culture being a factor dominating the firms’ decisions on PM practices formulation.

In another stream of questions to study the firms’ PM process and management routines, questions aiming to find out the firms’ choice between their
management as well as strategic priorities and any cultural alignment concerns had been raised. Responses to question 13C showing just slightly above half (51.7%) of firms had output/behaviour emphasis on punctuality might imply that an almost equal number of firms opted for the focus on either punctuality that was generally a kind of administrative policy-linked culture or on such other variables as skills versus attitudes or willingness versus aversion to take risk which are generally tied more to the strategic PM requirement. That is; a more or less the same number of firms chose between following their management culture and fulfilling the strategic PM objectives as their PM focus. From the results of questions 13H, I, N-Q where the policy, process, and management routines of the firms’ PM systems were studied, there was a consistent adherence to the focus on the policy and process such that the company performance and hence fulfillment of the strategic PM objectives was regarded as being largely predicated on the degree to which the employees were given the opportunity to clarify performance goals and create personal development plans based on the two-way flow of feedback with their managers within the PM system. That is; the firms’ PM focus was consistently determined by the extent to which the employees were clear about the performance goals and how far the employees felt their managers saw or respected their subordinates as the ultimate owners of the performance plan from the employees’ personal development perspective.

In summary, the findings concluded on the one hand that Chinese culture did not have significant impact on foreign firms’ PMP formulation while on the other hand revealed the firms’ high regard of the importance of identifying the kind of PM focus that should serve the purpose of fulfilling the strategic PM objectives.
6.1.2 Answer to Problem Statement Two: Is the consideration of Chinese culture a significant/tangible factor or determinant of the effectiveness of PM practices used by foreign firms operating in China?

Taking into account of the analysis discussed in Problem Statement One thereby showing whether Chinese culture had any impact on the formulation of foreign firms’ PM practices, further probing into the impact of Chinese culture on PM practices’ effectiveness was made so that this study may provide useful reference to any interested parties for their understanding as to how useful it may be for the PM practices to have cultural considerations in China. Answers to Problem Statement Two could be found in the response to questions 11, 17 and 12 which were all about the effectiveness of the PM practices in use and whether those practices that were seen as displaying cultural match would impact the PM effectiveness or the employees’ ability to fulfill the performance expectation or requirements. Besides, there was also a question to see if culture should be the cause of the effectiveness or ineffectiveness.

According to the answers to questions 11 and 12, 8.1% and 68.6% of the responses indicated that the PM practices were extremely effective and effective respectively. Of the responses showing that PM system was extremely effective, there was no reference to ‘culture’ as the cause of the effectiveness. Of the responses showing the PM system was effective, there were sixteen occurrence counts when ‘culture’ had, among other reasons given, been referred to as one of the causes of the effectiveness. That is; ‘culture’ did not appear in any responses as an apparent reason for the effectiveness. Instead, ‘management practices’, while appearing two and a half times more than ‘culture’ by
occurrence counts of selected options, had topped the reason for causing the effectiveness and was also one of those three reasons, with ‘culture’ having not been selected, as the cause of the extreme effectiveness. Based on those results, there was no significant evidence that ‘culture’ would contribute to the effectiveness of the PM practices used by the surveyed firms in China.

As to whether cultural match can impact the effectiveness of PM practices and the employees’ ability to fulfil the performance expectation or requirements, the responses to question 17i and 17ii revealed that 56.25% and 52.1% of responses recognised the impact of cultural match as positive on the practices’ effectiveness and employees’ PM fulfilment ability respectively. There appeared to be a clear signal from the respondents that most of them thought cultural match should be able to contribute to PM practices effectiveness and employees’ ability to work in line with the performance requirements. However, among the answers to question 16, only less than a half of the responses recognised that the firms’ PM practices displayed features that matched the local culture. Although the respondents indicated that they believed that cultural match would contribute to the PM practice effectiveness, their lower vote about the presence of the match between their firms’ PM practice effectiveness and the local culture had raised the question mark as to whether their view on the positive relationship between cultural match and PM practice effectiveness was just a result of their subjective belief or intuitive impression rather than actual observation of what has happened in their firms.

It is not surprising that the respondents could have assumed the positive relationship between cultural match and the effectiveness of the PM practices
based on their subjective belief. Weldon and Jehn (1993) also held the view that there could be tendency for survey respondents to give a subjective assessment of their organisations and this should be especially true in China where criticism and conflict might be avoided. Disregard the uncertainty about the degree of objectivity or perhaps integrity of the responses given, the positive attitudes towards the impact of cultural match on the effectiveness of the PM practices indicate that cultural match has been recognised as an effective tool in driving their firms’ performance. Jardines, the MNC which has been invited to participate in this research to provide a qualitative-data overlap for further examination of the survey’s findings, has demonstrated a good example of showing high sensitivity to certain distinctive cultural values to maximise PM effectiveness in that they allow their subsidiary Astra, an international automotives and heavy equipment manufacturer, to adapt their performance appraisal system to do away with the record on papers for low-rating ‘D’ performers as it is the culture in Indonesia that sees putting low-performing individual’s identity in the public documents as undesirable and against their deeply rooted culture in favour of harmony. The way they manage the low performers will be through conversations between the manager and the employee concerned instead of making record overtly. Ritchie, the Group Head of Human Resources, while emphasising that the top management concern would still be related to the need of the business strategy, also highlighted the importance and the need to understand the local culture as evidenced by Astra’s adapted performance appraisal approach in Indonesia in order to accommodate the cultural values that are regarded as somewhat non-negotiable. This reflects the fact that business strategy definitely has a role to play in guiding the multinational firms to formulate their PM practices while cultural orientations
must also be given appropriate considerations which should be judged from the perspective of balancing between the company’s interests and the local cultural idiosyncrasies of which any unduly negligence may have the likelihood of jeopardising the firm’s business positions such as the institutional taboos or corporate image like the firm’s reputation, etc..

6.1.3 Answer to Problem Statement Three: Is a firm’s business strategy one of the considerations under which foreign firms operating in China tend to determine the extent to which their PM practices should accommodate the Chinese cultural orientations?

To check if the surveyed firms’ business strategy has been one of the considerations for the firms to determine the extent to which their PM practices should accommodate the Chinese cultural orientation, it would be necessary to review the answers to questions 6 to 10 and 15 as they provide information that helps evaluate if the firms’ business strategy has played a role in determining whether their PM practices should accommodate the Chinese cultural orientations. Answers to questions 6 to 9 provide the understanding that foreign firms are keen on transferring people from the parent company (44.8%) or bringing in people who are third country nationals (13.8%) or have overseas experience (19.6%), as opposed to appointing the local Chinese nationals (21.8%), to take up the top manager’s position. Besides, it is to the respondents’ understanding that their organisations (67.8% of the surveyed firms) usually, very often, or always appoint employees from the parent company to the top manager’s position. However, survey responses (59.5%) reveal that these firms currently have the local Chinese nationals assuming most of the supervisory or
Responses to questions 6 to 9 showed that the surveyed firms actually deployed the home-country nationals more than the local or even third-country nationals to assume the host-country establishments’ top manager post; and were perceived by the survey respondents as being inclined to appointing employees from the home country to take up top manager post. Although the firms did post a considerable number of Chinese national – local citizens to the supervisory/managerial jobs, there were a relatively larger number of respondents who believed that their firms appointed only the employees with overseas working experience to the supervisory/managerial posts. As those questions aim to find out if the firms tend to send employees from the parent company to take up top management position; appoint people with overseas experience; and/or adopt PM practices that are transferred from the parent company, the responses seeing a norm or high tendency towards deploying or appointing people from outside of the local or host country to the decision-making positions such as the top manager or supervisors/managers may imply that the firms’ decisions might be led by the corporate or strategic directions rather than national or cultural limitations.

Answers to question 10 may show if changes in the PM practices have taken place in the recent years and if so then whether the reasons of making such changes have stemmed from cultural reason or any other reasons pertinent to the business strategy or not. There was no answer to question 10 saying that the PM practice change reported to the same question was because of the firm’s need to accommodate the Chinese culture. Instead, support to the new business
structure and hence business strategy as the cause of the change in the PM practices had been highlighted in one of the fourteen answers to question 10 confirming that there was a change in the PM practices in a firm in the recent years. At the same time, answers to question 15 relating to the application of the parent company’s PM practices showed that 56.8% of the surveyed firms used the parent company’s practices. So, it shows that most foreign firms tended to follow the parent company’s practices and thus implies that corporate culture could have a part to play in monitoring the way the firms should be managed in the host country.

While the appointment of people from outside of China does not necessarily stand for a firm’s potential use of PM practices that disregard the Chinese local culture, a firm’s adoption of the practices from the parent company is likely suggesting the corporate culture socialisation being in play or replication of the practices with least or without consideration of the local culture. There can be some valid reasons why most of the foreign firms import their top managers to their host-country offices and bring in people with overseas working experience to take up the supervisory or managerial positions. One is probably because of the lack of people from China who have the kind of managerial experiences and knowledge which are desired by the foreign firms. Another reason is that business enterprises usually wish to maintain a close tie between the headquarters and the overseas offices to ensure that the former can secure a proper control of the way the overseas offices are managed. Along the aim of managing the overseas businesses by sending in home-country employees or building a kind of corporate radar as well as strategic links with the headquarters to better ensure due fulfillment of their global strategies, linking the PM
practices with the corporate culture is therefore apprehensible and appears to be making sense for global organisations. In response to the question whether corporate culture comes first and local culture comes second for Jardines, Mr. Ritchie Bent, the Group Head of Human Resources, suggested that in most cases it would be a balance between the two, emphasising that local culture had also to be taken into account while adding the note that corporate culture would be used to override the decision issues where local cultural alignment may have the likelihood of tainting the firms’ corporate identity and codes of business conduct. Quoting one of Jardines’ group of companies as an example, Ritchie further highlighted the need to acculturate the employees into following the acceptable behaviours of the company when introducing the competency assessment instruments called ‘Lominger’ under the PM system of the Mandarin Oriental Hotel. When implementing the said instruments in the United States, the original performance focus characterising the Lominger definition of competency is maintained and applied consistently. However, when being implemented in Asia, this instrument carrying the function to socialise the corporate culture still holds although a little adaptation of the system by placing humility as one of the performance criteria has been made.

6.1.4 Answer to Problem Statement Four: Are a firm’s management practices one of the considerations under which foreign firms operating in China tend to determine the extent to which their PM practices should accommodate the Chinese cultural orientations?

In the survey questionnaire, question 12 was raised to gauge the level of impact brought by management practices. The other systems and activities being
studied in terms of their impact on PMP formulation were training adequacy, system implementation, and system integration. They are regarded as representing part of the management practices as they serve the purpose of organising and matching with a firm’s available resources to its internal and external environments to meet stakeholder expectations through the implementation and integration of relevant systems to achieve competitive advantages and to define as well as communicate the firm’s long-term directions and service scopes to the employees by means of adequate training. According to the answers to question 12, 51 participants (58%) responded pointing to management practices as the cause of effectiveness of PM practices whereas only 22 participants (25%) believed that culture was the cause. Also, it is worth noting that the said response rates represented the highest and the lowest vote respectively among the other factors. Therefore, it appears that management practices may carry a considerable amount of impact on PMP formulation relative to culture.

To study further if the surveyed firms’ management practices would really influence the formulation of these firms’ PM practices, questions 13F, G, J – M were reviewed in connection with the part played by the firms’ management practices in the context of the managers’ leadership attributes and the way the employees were expected to perform to do businesses. Then, question 13R was raised to check if the firms’ policy grounded on their management philosophy that shaped the management practices would have any link with the implementation of the PM practices. Besides, questions 14A, G, Hi– ii which dealt with the emphasis on the performance characteristics associated largely with the firms’ management philosophy were also discussed. Those questions are
regarded as representing the management practices because they deal with the environment where the stakeholders’ interests are linked with the activities an organisation carries out on a day-to-day basis under the leadership of its managers and within the company policy or management principles to monitor the performance of the employees to create values and achieve business performance for the organisation.

For the six items studied via questions 13F, G, and J to M which relate to the manager’s leadership style and employees’ expected behaviours demonstrated to win business deals or develop client relationship, the differences in the mean score between each paired group of questions are so minimal that the leadership behaviours exhibited by the managers of the foreign firms might suggest that the managers have wavered in their directions between the local cultural norms and the firms’ management directions. Nonetheless, the fact that the highest reported mean score of 3.76 has been given to the expected display of leadership that directs employees to act with the company instruction in mind might show that managers are eager to direct the employees to follow the way that the managers believe is best for the company performance to be managed.

For question 13R which served the purpose of finding out if there should be any linkage in the firms’ management philosophy being practised upon implementation of PMP, the results showed there was an alignment between the general management practices and the PM policy and processes in terms of their aims to encourage the employees to seek clarification and consensus with their managers when the PM instructions were not clear. By that alignment in the general management practices with the PM policy and processes, it could imply
that there should be a link between the management practices and the PMP formulation.

At the same time, questions 14A, G, Hi – ii which aimed to identify the firms’ desired PM focus representing the firms’ management philosophy as well as practices in the absence of any external influences such as the social, cultural, or political pressures, the result showing the firms’ diversion of the desired PM focus in the case of question 14Ai where people engagement was said to have replaced business results as the selected PM focus when pressed by any external influences may suggest that management practices’ impact on PMP formulation could face challenges when pressed by external influences. However, there was one observation that was worth mentioning because the desired PM focus representing the firms’ management philosophy advocating business ethics appeared to stay solid as the focus disregard the ‘guanxi’ culture being prevalent in China as a practice generally followed by the broader society for doing business. That is; for the question on the PM focus to be espoused in the course of actions to win businesses in China, business ethics remained to be the ultimate choice of practice. Among the questions seeking to assess the impact of management practices on PMP formulation, the highest reported mean score of 4.24 for business ethics against that of 3.16 for business returns as a PM focus in the course of actions to win businesses might suggest that the foreign firms placed the management practice of abiding by business ethics above the social norm that should still favour personal relationships. Where the performance target has the emphasis in business ethics as opposed to business results along which the employee relations with clients and their behaviours in doing businesses are guided, it may suggest that there is a considerable amount of
intervention of management practices that direct and control the way the employees do businesses in China such that the corporate concern should be properly addressed from a rational or strategic point of view. Where business ethics is articulated as the focus as opposed to business results or returns which the employees at large would otherwise be more concerned about due to their direct link with a firm’s economic performance dominated by financial achievements, the influence of the management practices appearing by way of a set of core values that guide and make the best sense for managing the performance of employees can be observable.

6.1.5 Answer to Problem Statement Five: Are a firm’s HRM practices one of the considerations under which foreign firms operating in China tend to determine the extent to which their PM practices should accommodate the Chinese cultural orientations?

For assessing the HRM practices impact on PMP formulation, questions 14B-Fi-ii and question 12 need to be reviewed. Questions 14B-Fi-ii aimed to find out if the PM focus embodying the strategic contexts of HRM practices, e.g.; fostering employee commitment and engagement to motivate the employees, etc, should be the desired PM requirements under the business-as-usual circumstances while question 12 was to find out if the process and/or system outcomes used to achieve certain strategic HRM objectives such as training adequacy and system integration should be perceived as a kind of instruments to attaining PM effectiveness.

As questions 14B-Fi-ii represented the PM focus reflecting the HRM philosophy
under the business-as-usual circumstances, the adoption of any other PM focus when the firms were forced to choose only one PM focus between two could imply that HRM practices as a PM focus had to concede to the other PM focus to meet any business emergency which was the scenario given in questions 14B-Fiii. Along that assumption, the evaluation of the degree of impact of HRM practices on PMP would be made possible by comparing the results between questions 14B-Fi-ii and 14B-Fi-iii to explore the outcome compatibility. That is; the more the outcome showing compatibility in the PM focus selected between those sets of questions, the more likely that HRM practices have a tangible impact on PMP formulation. The results of the foregoing comparison revealed that there were two cases, namely; the respective scenario relating to commitment vs. compliance and harmony vs. debates, when the HRM practices-linked PM focus had been overridden by the other PM focus when pressed by the business emergency. Disregard the non-compatible outcomes in two scenarios which might render the confirmation about HRM practices’ impact less solid, the fact that the outcome compatibility for three other cases was positive could suggest that the impact of HRM practices on PMP formulation should however not be underestimated.

For question 12, the participants were given the option of choosing more than one answer where appropriate. Casting aside the item on ‘management practices’ and ‘culture’ respectively, the item on ‘training adequacy’ relates to the training effectiveness in guiding or educating the employees into following the performance criteria. The item on ‘system implementation’ is about how well or badly the PM practices are organised to facilitate appropriate flow of the PM cycle such as goal-setting agreement and feedback dialogues, etc. The item on
‘system integration’ deals with how good or bad the system is in integrating the practices that address employees’ needs or concerns such as compensation, recognition, career advancement, job security, or employer-employee relations. As highlighted in the descriptions attached to each of those items displayed in the survey questionnaire, these items are largely concerned with the processes and systems used to ensure employees are given the right support in terms of training resources, performance feedback, and reward as well as recognition mechanisms so as to create the right organisational climate for people to perform. Those processes and systems are regarded as forming the integral HRM functions as they support the practices that are meant to address the employees’ needs and concerns while aligning them with the business goals and performance requirements. According to Bratton and Gold (2003), the practices designed in response to organisational goals and contingencies; and managed for achieving those goals, constitute the key HRM functions. Given the descriptions that expand the meaning of ‘training adequacy’, ‘system implementation’, and ‘system integration’ to cover the firms’ performance of those functions related to HRM, the choice of those items therefore reflects the impact of HRM practices on the design of PM practices.

Of those three items specified above as reflecting the presence of the impact of HRM, 36 participants out of 88 respondents regarded ‘training adequacy’ as the cause of PM practices’ effectiveness, 42 participants chose ‘system implementation’, and 27 chose ‘system integration’. According to the number of votes casted, no one item was seen to have obtained a majority vote recognising it as the possible cause of PM effectiveness. Disregard the number of votes confirming the positive impact of the HRM processes and systems on
PM effectiveness being not high in statistical sense, the fact that any of these items had individually received votes even higher than that for ‘culture’ (22 votes) could as well reflect HRM practices’ relatively higher degree of impact on PM effectiveness when compared with culture. Indeed, the impact of HRM practices should really not be underestimated given that they have the function of mobilising the employees and keeping them engaged in striving towards performance and motivated by the policies and practices that impact the quality of their work-life. In the case of Jardines, they very often rely on their strategic HRM initiatives and programmes to engage people in their personal development activities or missions. Among many other PM tools they use to support their employees’ growth and performance improvement, Jardines has developed its own analytical framework called the ‘Seven Ss’ (7Ss) which is the product made for the purpose of fulfilling their strategic human resources priorities. The ‘7Ss’ developed by Jardines is an internal tool that aims to identify the strengths and weaknesses of the target company under their group and does the review of the company’s ‘S’trategy, ‘S’tructure, ‘S’ytems, ‘S’ervices or products, ‘S’ – Financial situation, ‘S’kills, and ‘S’tyle of the top team and/or company culture. As seen from the integral elements of this analytical framework, cultural concerns which are addressed by the ‘S’tyle variable is just one of the items among many others that need to be reviewed to help the target company to identify its strengths and weaknesses. It therefore indicates that cultural alignment forms part of the concerns that multinational firms should address but does not become a discrete segment that should be given an immense or overriding focus.
6.2 Implications of the survey findings

Looking at the answers given to the problem statements in the previous section, implications of the findings relating to the impact of culture, management practices, HRM practices, and business strategies on PMP formulation can be summarised as follows:

A. As evidenced by the foreign firms’ use of the PM focus incorporating both the theoretically compatible and non-compatible cultural dimensions in equal share; and the mixed status reported of the acceptability of the PM culture’s to the local environment in either or both the societal and business contexts, there is not much significant support that culture should be a factor dominating the firms’ PMP formulation nor is there any significant recognition that there is a reasonable match between the foreign firms’ PM focus and the Chinese culture.

The insignificant proof of culture being a dominant factor for PMP consideration and insufficient recognition that the foreign firms’ PM features match the Chinese cultural orientations may imply three possible issues. The first is that the cultural irrelevance indicated by the findings just suggests that the assumption of national culture as an explanatory variable of differences in individual behaviours or organisational practices can be over-simplistic or problematic. The other one is that the changes and transformations that China has gone through since Hofstede’s publication of the cultural index have been significant enough to render his theories outdated apparently to some extent. The third possible issue is that there
has been ignorance of the fact that both the human and organisational behaviours are susceptible to external stimuli such that the mental programming or perhaps storming of each individual’s mind and rational adaptation or emergence of each organisation’s strategy respectively may result in the marginalisation of national cultures as a factor for PMP formulation.

(a) In the light of the cultural irrelevance indicated by the findings, the question as to whether national culture should be the only explanatory variable to explain the differences in organisational practices and/or individual behaviours deserves further study. Indeed, foreign firms are typically running their businesses within a system that cannot be detached from such corporate agenda ranging from strategic objectives and business priorities to management philosophies and organisational cultures; and even such individuals’ community which can be complicated by personal interests and group sub-cultures, etc. That is; the differences between even just two companies in their management attitudes and leadership behaviours may likely be determined by a mix of various factors of which the weightings of importance may depend on the specific needs of the company at a specific stage of the business cycle or market movements and/or on the kind of experience or skills the company’s managers have in managing employees and other business stakeholders.

As discussed in Chapter Two, among all the issues that the foreign firms are facing across the globe, there can be other major forces
specific to a country that call for the foreign firms’ strategy to be designed with the aim to seek a ‘fit’ to the values in the institutional, political, and cultural domains. As ‘the existing internal structure, strategy and success of an organisation is heavily influenced by environment forces in which it operates and with which it interacts and competes’ (Jaffee, 2001:209), the mix of business strategy and the overall management practices should be what the foreign firms operating in China need to evaluate in terms of their effectiveness in supporting the firms to fulfill the business needs and goals.

The author also finds such a view of carrying out a comprehensive audit of the business and management forces and influences as a more holistic or totality approach for achieving the effect of seeking alignment or congruence with a wider stream of internal and external success factors rather than over-emphasising the power of seeking compatibility with the national culture. That holistic or totality approach in fact echoes the view of Nadler and Tushman (1997) that ‘other things being equal, the greater the total degree of congruence, or fit, among various components, the more effective the organisation will be’. According to Ritchie, what shapes Jardines’ PM practices is not so much coming from culture. Rather, the firm tends to give high weights to what works well and makes the best sense in designing their management practices to enable people to deliver their optimum or superior performance. As such, cultural alignment is not the core essence of what that supports an effective system to manage their people. An example of giving higher value to the approach that
makes the best sense than the approach of focusing on culture is Jardines’ launch of the programme ‘EPICC’. ‘EPICC’ is a tool to do external analysis covering ‘E’conomics of the environment of which the company operates, ‘P’olitical issues that are likely to impact the operation, ‘I’ ndustry changes or trends within the business in which in operates, ‘C’ompetition; existing, emerging, or potential, and ‘C’onsumer or customer changes or trends. As noted, this tool lays emphases on understanding how the business environment moves and what the changes in the competition arena and the consumer market are and there is no specific inquiry into the cultural features or barriers. This focus on the resources that are meant to be able to benefit each and every location in doing businesses and achieving performance just goes in line with what Drucker (1979) proposes as the logic of the MNCs that attaches values to optimize resources within the world market reality. Indeed, MNCs attach high importance to the way it can deal with or overcome competitions, institutional constraints, and customer demands although cultural alignment may as well be regarded as equally important in certain assessment areas.

As mentioned above, foreign firms are operating within a system that cannot be detached from a wide range of corporate agenda encompassing strategic objectives and corporate cultures. The example pertaining to organisations’ concerns linked with strategic objectives can be found from the observations made in the findings revealing the favoured use of masculine culture at one time but a feminine one at the other; and the interchange of the use of short-term
orientation against a long-term one at different times just demonstrate that organisations are often put into dilemma when they may not easily conclude a solution simply using one single guideline such as national cultural alignment to resolve the complicated issues. From the discussion in Chapter Three about the organisation’s needs (masculine culture) to control the workforce across different locations against the employees’ wish to have their personal needs addressed, a question has also been raised as to whether the social or, in some cases emotional, values of a national culture could be overridden by the rational or, sometimes commercial, benefits when there were competing issues that required the company management’s decision. In the analysis of the PM focus on business results (short-term orientation), the author also argued that as far as PM objectives are concerned the commercial interests embedded in the management philosophy and hence imperatives would to a large extent determine the choice of the PM focus. In another scenario when the choice of business ethics (long-term orientation) as a PM focus displays a match with the Chinese culture, the fact that business returns (short-term orientation) actually has a higher level of acceptability to the Local Environment, especially the SOEs, may imply that even the local Chinese enterprises might turn to deviate from its cultural identity by applying short-term and yet rational as well as strategic measures to cope with the increasing pressures demanding commercial benefits, profits and returns amid the economic reforms and development that has been taking place in China.
Based on the above discussions, the author would conclude that there are many other factors that join national culture as the explanatory variables of differences in accounting for organisational practices and/or individual behaviours.

(b) Another reason why national culture has not been found to be an apparent determinant of foreign firms’ PMP formulation can be attributed to the changes and transformations that China has gone through since Hofstede’s release of his cultural indices. As pointed out in Chapter Two, after China’s access to the international arena as a result of the Open Door Policy since the beginning of the 1980s, new managerial context has loomed to challenge the Chinese workers and they found themselves pressed by the increase in the demand of organisational performance which needed to be shared by the employees not only at the individual level but also at the team level.

Indeed, since Hofstede’s study in 1980, various changes have occurred in China especially the economic reforms, WTO accession, and the country’s transformation into an economic power house. For an example, due to its accession into the WTO in 2001, China has gone through positive development in not only the economic context but also the social context. In 1978, the GDP contributed by the tertiary sector was only 23.7 percent but had risen to 40.1 per cent by 2007. (Rowley & Cooke, 2010). In Bai and Bennington’s (2005) study, it was revealed that a new materialism had overtaken traditional cultural forces as it revealed that the Chinese cultural values did not impede the
implementation of individual performance related reward schemes. This shows that the economic development has nurtured the spread of materialism at the societal level which in turn influences the Chinese employees’ mindsets to the extent that they become receptive to the foreign culture that is regarded as contributing to performance expected by their employers.

Because of the increased demands of performance even for the SOEs, the wage structure’s landscape has changed to the extent that the performance-based reward system has to be introduced to motivate the employees to make their best efforts to fulfill the organisational performance goals, making the egalitarian wage structure fade away gradually. At the same time, materialism emerges and turns the cultural values around under the auspices of the incentives to the people that conforming to certain Western norms and practices may offer higher income in return for following the individual responsibility for performance. People may as well be convinced into accepting practices imported from the foreign culture that offers tangible benefits such as fair treatment, career advancement opportunities, and even potentially higher earnings.

Apart from the materialism that affects the cultural values held by the people in general, the new perspectives and views of the world as well as cultural values held by the younger generations in China may also have changed to a considerable extent. According to the Ministry of Education, the number of Chinese overseas students grew from
270,000 in 1996 to 1,392,000 in 2008 while the number of returnees increased from 89,000 to 389,000. This 437% increase in the returnees can be instrumental in bringing in new cultural values for the ethnic Chinese thereby impacting the way people interact and work with one another in the economy and business communities that are being developed with modernisation trends. Besides, the number of internet users in China has increased significantly from 22,500,000 in 2000 to 513,100,000 in 2011, representing a penetration of 38.4% of the 1.3 billion population of China and 50.5% of the users in Asia (source: www.internetworldstats.com/asia.htm#cn). This huge population of people having accessibility to the news around the world may as well lead to the people in China gaining the knowledge of cross-cultural differences which may enable the people to make their own judgement of the comparative merits of the cultural dimensions and work values across geographical boundaries.

Those changes at the societal level discussed above have a considerably high impact to nearly all local people as the changes have brought about new management concepts and work attitudes that are directly linked to their quality of life and the new definition of performance. As such, the changes bearing such a high impact to people’s daily living have to a certain extent caused many shifts in value attachment or mindsets among the people in China and may therefore render Hofstede’s ranking of cultural dimensions outdated, however slightly.
The third implication of the findings of cultural irrelevance is that the individuality inherent in human beings and business organisations just makes people and organisations think and act in a way unique and specific to their own needs, concerns, and goals which shape their responses and decisions. As discussed in Chapter Two, ‘people constantly introduce individual purposes’ to ‘pursue their own goals and plans’ (Elias, 1991), which is similar to the notion of Bourdieu (1995) that people desire to ‘maximise their power’ for capital gains. A desire to pursue one’s own goals and maximise one’s power can be representative of human nature and therefore explains why people do not respond the same way for the same issue encountered. A view similar to the foregoing concept is also shared by Williams (1998) when he argues that ‘people have different values and motives which will result in their not responding in the same way to a given system as they ‘aren’t passive recipients who will invariably respond in the way that management wishes’ (p. 134). The author would also argue that people, and organisations as well, respond to an impulse differently because they ride on different motivations and targeted ends.

Indeed, motivations have a part to play in determining what an individual or organisation should do in order to cope with any issues encountered or to solicit any gains desired. Using Maslow’s theory of hierarchy of needs and Alderfer’s ERG theory in Chapter Two suggesting the different scopes of needs at different levels, the author believes in a strong suggestion grounded on the foregoing theories that individuals may be motivated in different scenarios to reconstruct their
personal profiles or even characters to attain the competitive position where their needs and desires will be fulfilled. In fact, such motivational appeals in attaining the competitive position apply not only to individuals but also organisations. For different scenarios presenting different perceptions of opportunities and threats, individuals are prompted to make the mental programming of the mind while organisations are pressed to make rational assessment of the management options for making decisions that should best suit their specific needs and concerns at a specific point in time, including the PMP formulation which may need to be reviewed from time to time to ensure congruence or ‘fit’ for the right purpose. As such, individuals and organisations are typically bound to make different responses or decisions which may not necessarily have a uniform pattern for dealing with or resolving issues.

Given the individual or organisational needs of power and desires for competitive positions contributing to the different motivational bases and varied patterns of responses to resolve issues as discussed above, the author would argue that people and organisations always reserve a host of fluid options on hand and are well positioned to make necessary adjustments to their practices and systems to deal with the dynamic business realities instead of limiting themselves to a rigid pattern of problem-solving measures as if they were led by a single object called ‘culture’.
B. While culture’s impact on PMP formulation does not appear to be significant, the degree to which such other factors as business strategies, management practices, and HRM practices play a part in shaping the PM practices has been found to be not negligible. The revelations of those findings show that foreign firms might be led by the corporate or strategic directions and that business strategy could have a part to play in monitoring the way the firms should be managed in the host country. At the same time, management practices have been found to be the mostly rated cause of PM effectiveness when culture was instead least rated. Questions that probe about the managerial process and behaviours implying management practices’ influence to foreign firms’ choice of PM focus also reveal that the firms appreciate the need to get round the cultural norms by using the intervention of management practices to institutionalise the PM practices to direct and control the way the employees do business in China. As for HRM practices, no definite confirmation could be reached regarding their impact on PMP formulation as there are mixed responses to the questions aimed at finding whether the firms’ use of certain HRM practices meant to contribute to performance are simultaneously matched with the use of the relevant focus within the PM practices. Nevertheless, a phenomenon has been observed that, just like business strategies and management practices, organisational decisions on any strategic moves could be easily susceptible to the issues of uncertainty and ambiguity encountered in the host country and should therefore entail rational assessment to makes sense of the final business decisions made with a balance between the social values and commercial benefits.
The implications of the findings that business strategies, management practices, and HRM practices play a part in shaping the PM practices can be manifold. One is that these factors are very often mutually supporting or reinforcing each other’s purposes in an organisation’s day-to-day business activities. As such, considerations of any or all of those variables as an intervening or mediating factor for the PMP formulation can be anticipated. The other is that those variables unanimously have the strategic nature of directing employees to fulfill the business or economic performance of an organisation. Therefore, their influence to the PMP formulation is definitely a matter of course. Also, they have the function of setting the guiding principles that direct and control the way employees do business towards the corporate directions or goals which must be communicated and shared as performance objectives. Lastly, they usually advocate pragmatic and rational way of managing business issues or solving problems in various aspects and may therefore stand out as the checks and balances that organisations should do before implementing any new practices or policies to improve employees’ performance internally and enhance the market competitiveness externally. In fact, those features that business strategies, management practices, and HRM practices have in common inevitably cause them to walk hand in hand and are seldom divorced from one another when an organisation initiates actions to compete for winning positions through delivering superior business performance. Therefore, their influences usually surface not in isolation but in tandem. Such a delicate relationship that intertwines each other’s strategic features and integrates each other’s functions may consequently make the influence highly observable as if there were a multiplication effect on the extent to which
those variables can impact the PMP formulation.

Building on the implications discussed above, the author would argue that foreign firms desire to follow the management patterns that have been proved to be successful and aligned with the corporate values and performance requirements in dealing with businesses or coping with problems. Furthermore, these firms are prone to align their PM practices with the business strategies needed to compete in the fierce business market and are convinced that HRM practices can help build a system as well as process that will tap on the managerial leadership to manage their resources more effectively in the interests of the stakeholders and of the organisation to safeguard their long-term stakes. The foregoing argument can actually be supported by the results of the analyses to the related questions. Of the six items studied via questions 13F, G, and J to M which relate to the manager’s leadership style and employees’ behaviours desired for meeting performance objectives, the result showing that the managers tend to apply the PM focus that should fit an organisation’s specific needs and contexts for achieving performance may suggest that managers are eager to ensure that employees follow the way that the managers believe is best for their firms to be managed taking into account of the social and political agendas as well as business logics. For the questions 14A, G, Hi – ii which revolve around the management practices in leading people to perform in an environment where there can be competing challenges between business results and people engagement; management style between top-down directions and employee participation; and management concerns between business ethics and business returns, the highest reported mean score of 4.24 went to the
management focus on business ethics in the course of actions to win businesses. Where the business ethics relate to employee relations with clients and their behaviours in doing businesses against the business as well as economic performance target, the focus on ethics may suggest that there is a considerable amount of intervention of management practices that guide and in particular control the way the employees do businesses. Where business ethics is articulated as the focus as opposed to business results or returns which the employees at large would otherwise be more concerned about due to their direct link with a firm’s economic performance dominated by financial achievements, the influence of the management practices appearing by way of a set of core values that guide and manage the performance of employees can be observable. As Briscoe, Schuler & Claus (2009) put it, “the assurance of ethical behaviour and conduct of firms that conduct business outside their home borders depends on the attitudes and behaviours of their managers, at home and abroad” (p.143), the managers’ leadership and preferred way of conducting business especially across the borders will have impact on the performance practices’ formulation to a considerable extent. The results that show favour of managers’ leadership of directing instructions and the likely intervention of management practices to control the way the employees do businesses may epitomise Hartle’s (1995) reference to performance as a process for establishing a shared understanding about what is to be achieved and how it is to be achieved in order to increase the probability of achieving job-related success.

As Drucker (1954) suggests, the essence of business enterprise is economic
performance and therefore management must always put economic performance first in every decision and action. As economic performance is closely linked with the corporate needs, it is not surprising that the foreign firms still feel comfortable with introducing the PM practices with some of the focus driven by their corporate strategies and management practices which may be guided by the western approach. Following on that concept and given the above findings that reflect the foreign firms’ undeterred and yet selective use of the western approach against the local cultural orientations to craft their PM practices, the topic on convergence and divergence is worth being re-visited again. According to institutional theory, firms make rational choices based on the social context of the firm while the resource-based perspective suggests that firms’ choices are shaped by the economic context of the firm. This shows that firms will make their own judgement based on their needs in either the socio-cultural aspect or the economical aspect (Quintanilla and Ferner, 2003). Using a different perspective which points to macro-level variables and micro-level variables as the determinants of firms’ choice between a convergence or a divergence approach, Child (1994) made a point that although organisations in different countries are becoming more alike in the aspects like the structure and technology used by organisations across cultures, the behaviour of individuals within these organisations is maintaining its cultural specificity. These views appear logical as the institutional constraints or socio-cultural concerns may present opportunities or threats to firms entering into a new jurisdiction for running their businesses and it is the management’s responsibility to make decision on the directions to take along the considerations of economic performance priorities and people management
imperatives. In fact, firms are not limited to only the choice of either convergence or divergence. Warner (2003) posits that one may even opt for ‘cross-vergence’ in some contexts, i.e. a kind of soft landing approach that manages to achieve a balance between the two. With this survey findings showing the phenomena that a match or mismatch between the foreign firms’ PM culture and the Chinese culture in one dimension does not necessarily display a consistent pattern of match or mismatch in another dimension either along the theoretical propositions or by general understanding, the author would argue that any seemingly convergent or divergent structure found in the firms’ PM practices could be a reflection of the firms’ choice made after their review of the pros and cons as well as costs and benefits attained in the choices between zero integration, full integration, or even partial integration of their practices with the Chinese culture towards the objective of maximizing the benefits or values of such integration.

Ritchie highlighted the importance of a firm’s judgement to work out the best approach available in a culturally diversified environment to achieve the best management effect, quoting Kingdee, a market leader in the China software industry and has an employee size of 8,000 in 2010, as an example. Despite the fact that it is still regulated under the Communist Party in China, Kingdee aims to become another IBM in China and has therefore been using Western-styled management to manage its business and people. They pay above the market to attract talents, but against the high labour mobility in the strong economy in China, they need to think outside the box to retain their talents. Although Western management style is being
advocated, they have made a slight deviation from what is not normally practiced within the Western management practices by splitting the salary of the employees into two such that one portion goes to the employee’s account while the other portion goes directly into the account of the employee’s parents. This practice has utilized the bonding effect within a family under the Confucian ideology and hence the influence or even pressures that the employee’s parents can exert to such employee to stop him/her from leaving the company. The result is of this is that the employees will be bound by a sort of psychological handcuff that prompts the employee to think twice before making any resignation move. This successful approach in capitalising on the part of the cultural orientations that best support the business strategy or performance objectives demonstrates the importance of a firm’s judgement to make the most rational choice.

In summary, there is likelihood that foreign firms take a more comprehensive view and pragmatic approach in selecting the PM focus to form the criteria of the PM practices. Such selection should cover a wide span of management practices as the constituent parts and factors that drive the firms’ business performance. As discussed above and according to the findings of the survey, a wide range of management practices including the HRM practices and business strategy have been found to be of considerable influence to the formulation and effectiveness of the PM practices. Therefore, the author would suggest that for foreign firms’ PMP formulation higher awareness should be directed towards not only the Chinese culture’s potential impact, but also the context-based mapping of a firm’s
performance objectives with a wider array of the business practices as well as strategies and the HRM practices in order to establish the PM criteria that best support performance fulfillment.

6.3 What do the findings mean to the foreign firms

Caught by various factors that surround the business environment and pressed by the needs to succeed in China, foreign firms with entrepreneurial interests there should start thinking about how they can deal with the challenges brought by the fact that Chinese culture is seemingly changing to a shape which can be unfamiliar or unclear to them. Should the foreign firms formulate their PM practices within any cultural parameters framed by the unique Chinese social settings when there are changes being brewed by the country’s rapid economic development that is networked across the globe? Is cultural difference the only consideration in the design of the foreign firms’ PM practices? While this paper already discusses the implications of this survey’s findings, the author hopes to be able to suggest recommendations on the considerations that the foreign firms should make for the purpose of determining their PM practices that fit their organisational landscapes. It is suggested that organisations should review the conditions at the societal level and organisational level.

6.3.1 Conditions at the societal level

As discussed in the literature review, culture is not static (Tung, 1995) and keeps changing with the pace or speed being regulated by various factors such as the economic growth like that witnessed in China. So,
organisations should attend to the movement or even potential shifts in culture. Given that the economic development in China has been robust and that the consequence of it as well as the modernisation is the increasing diffusion of the Western cultures and even the value-laden viewpoints causing people, and the youngsters in particular, to make their own judgement against or in favour of their home country’s cultures, organisations should keep pace with the demographic movements in China. Based on the previous discussions, it has been concluded that the younger Chinese workers are more receptive to foreign cultures. However, what exactly do the majority of them expect from a PM system which can be regarded as acceptable to them in real term? If foreign culture is a term too abstract to convey useful hints on what elements constitute the right PM practices for the young Chinese workers, the feedback obtained from a face-to-face interview with a Jardine’s Chinese management trainee who has received overseas education may provide some clues.

According to that management trainee, Ji, the younger generations in China like a kind of PM system that is transparent in terms of the methods of measurement and should have a clear target that is quantitatively oriented. It should also reflect an employee-oriented process in that the evaluation framework should direct the use of two-way communication between the appraiser and the appraise; suggest where and when the human resources department staff should step in to clarify questions and resolve disputes; and clearly indicate who in the organisation, e.g. the Human Resources Manager or the Chief Executive Officer, has the overriding authority to endorse the evaluation result. Besides, just like the reference to materialism made by
Bai and Bennington in 2005, Ji has commented that the young Chinese workers tend to be more money-oriented and therefore expect to see a clear link between the performance results with the cash reward.

The above example quoted from the Jardines’ trainee demonstrates that the young generations of the employees in China are growing more pragmatic and therefore have higher preference of individual performance-based reward. They even want transparency in the performance appraisal process which in turn reflects their desire for fairness and open and candid discussions if not challenges regarding the appraisal results. By understanding what the changes have taken place, the foreign firms should then be able to make adaptation to their PM practices according to what the organisations think is best for them in terms of the motivation effect to mobilise the employees to perform and solicit their commitment to a system or set of practices that work well in the time of changes.

6.3.2 Conditions at the organisational level

Based on the survey findings, it has been concluded that such factors like the business strategy, management practices, and HRM practices may have impact on the formulation of PM practices for foreign firms in China. As such, it is important to identify the relationship between those factors and the PM practices and work out how they can be aligned with the organisational goals, including whether the firm’s success is dependent on how it leverages the best-fit practices and strategies being applied consistently across its international territories to ensure the emulation and
adoption of the tested models such as the business modus operandi, policy harmonisation or standardisation, corporate ethos, and corporate strategies and management imperatives aiming at superior performance.

The author suggests that the foreign firms start planning their strategy of recruitment, which forms the initial phase of an organisation’s human resources functions, taking into account of an integrated approach and performing the human resources functions through an end-to-end process that seeks mutual complementary in each relevant functional activities. They should put considerable emphasis on how they can ensure that they can recruit the right persons for the right jobs displaying the right fit with the organisational culture, probably through the use of effective psychometric tests or vigorous selection assessment tools. The composition of the recruitment kits incorporating those contents and processes of the recruitment activities should also take into account of whether the organisation has the plan or focus on hiring more younger generations or people with overseas education, including the overseas returnees, as these categories of potential employees are highly likely to be the emerging group that will influence the design of various management practices, including the PM systems, to achieve corporative objectives’ congruence and hence effectiveness of PM.

In the other human resources functions like developing and rewarding or recognising staff, the foreign firms should instill the cultural factors into the talent management programmes and the international mobility programmes. That is; the firms should review their foreign deployment programmes such
that these programmes should include either an assessment of the employee’s personality fit the organisational culture upon recruitment of new staff members to facilitate easier corporate culture socialisation. For employees being sent to China’s operations, the employees’ ability to adjust to the Chinese culture should be strengthened by internal training on cultural awareness or by supply of the cultural information to them so as to cushion the employees from any potential cultural shock. Where the reward to the employees stationing overseas is contingent on their ability to deal with the local cultural issues involving the local employees internally and the customers externally, it is advisable that the performance appraisal process should be given the right process design and implementation that is acceptable to the employees’ expectations to ensure that fairness and equity can be perceived and within the means of defence when being challenged. Such a review of the performance appraisal process should form an essential part of the firms’ PM strategy to the extent that the managers and employees are required to comply with properly. For example, if the process requires managers to have a dialogue with the employees for any critical comments made or grievances raised by the employees, the parties concerned must make time to meet and talk and have the conversations and points discussed to be recorded for documentation.

To further develop trust with the employees, the PM strategy must incorporate not only an appropriate content definition that permits the business performance imperatives to be reasonably aligned with the expected outputs and behaviours to be followed by the employees, but also a fair process that the employees feel they have a reasonable amount of
control in terms of the process that fulfils the requirement of employees soliciting support and feedback from their managers. For example, the managers, especially those coming from the parent company or even a third country, should ensure they must run through the (a) PM cycle in a timely and responsible manner such as explaining the PM objectives to the employees from the beginning of the PM year; (b) following up on the employees’ performance progress throughout the PM year to ensure any clarifications or advice needed can be given without delay; (c) giving support and feedback on a regularly basis to show that the managers are responsible for any delegation made to the employees; and (d) communicating with the employees as and when necessary rather than simply at the scheduled meeting intervals to ensure the PM objectives are being pursued on track; etc. Such a mandatory approach of committing to the performance appraisal process will certainly help alleviate or even remove any unnecessary grievances of the local employees that they are being neglected or disadvantaged due to their identity as Chinese workers being different from those who have any western culture legacy.

Finally, it is important for the foreign firms to seek congruence between their human resources strategy, business strategy, and management priorities so that the right approach of managing across international boundaries can be mapped out to fit into the organisational directions towards performance success in China. To the extent possible, such congruence should also get joined up with the consideration of how far the Chinese culture is compatible to that of the firm’s home nationality as cultural fit should do more benefits than harm in normal cases. Yet, the caveat remains that a
wider and more comprehensive view of the bigger environment in which the firm is operating should be taken. That is; the extent to which the firm has a long-term commitment to the business in China may as well be a determinant of the level of adaptations to or alignment with Chinese cultural orientations considering that any such adaptation or alignment made may mean sacrificing the ‘best practice’ approach leading to not only the expense of losing policy and system consistency with the headquarters but also the cost of re-inventing the wheel for a set of practices or systems that probably works well only in China.

6.4 Recommendations to the Chief Executive Officers (“CEOs”) on considerations to be made for the foreign firms in China to optimise their performance

Review of this study’s findings suggests that there are a number of situations which may present puzzling issues, if not threats, to the foreign firms in China. While the management team of the organisations shall have the responsibility for tackling the business issues and turning them into opportunities of doing the right thing to attain superior performance, the CEOs are probably the ultimate decision-maker of any strategies and measures to be taken. The author would like to share with the CEOs some recommendations on ways that are regarded as worth considering taking into account of a number of the business issues that have been discussed in the previous chapters as follows:

(a) Conduct due diligence to understand Chinese culture and avoid the critical conflicts. Disregard the findings that there is no significant evidence showing Chinese culture being a dominant factor when considering the
PMP design, the foreign firms should still do a reasonable amount of due diligence to understand and then identify the critical conflicts that any Chinese cultural orientations may have with any PM practices being introduced. Such an understanding is pivotal in helping the firms to evaluate both the internal and external implications of operating in overseas locations. By external implication, it aims to find fit between the PM practices and the macro-environment that is usually characterized by the institutional, political, and cultural parameters. By internal implication, it seeks to study the subsidiary employees’ mindsets to ensure that the PM practices carry the motivational effect needed such as the well-defined types and scopes of outputs and behaviours for the employees to be better informed with clarity about the requirements for performance accomplishment. For the new CEOs newly relocated to China, they should spend maybe the first hundred days understanding the Chinese culture by walking around the office to witness the way the existing members of the organisation work so that they know why people behave the way they behave at work, thereby heightening their cultural awareness. Such kind of cultural awareness is for the purpose of allowing the firms to build a positive relationship with all the stakeholders, external and internal, to ensure that the firms will not offend the local people by showing to a reasonable extent that the firms respect the employees as individuals and comply with the critical parameters such as the institutional, political, and cultural norms or requirements against which any breach of conduct or damage made to the local people’s or authority’s relationship, be it spiritually or emotionally, may cause serious or irrecoverable consequences or jeopardize the firms’ legal position or corporate brand. By being closer
to the people to read their mindsets through day-to-day interactions instead of leading by remote control, the CEOs can better ensure their future decisions on internal practices concerning people and their performance will be realistic and well founded on the principle that seeing is believing. Besides, the CEOs should engage in relationship building and networking with the external parties such as the government, the industry peers and partners, business associations, and even global headhunters to learn about their on-spot experiences and understanding of what works well for doing business in China. By leveraging the external ecosystem in full, the CEOs may as well connect with the local academia and education providers to gain more research-based knowledge of the recipe to performance success in China.

(b) Leverage the management practices to socialise as well as institutionalise the corporate culture. The responses to question 12 reveal that management practices are mostly rated as the cause of effectiveness/ineffectiveness of the PM system. As corporate culture may serve as a mechanism of control of members’ behaviours through the reminders by way of the management practices, organisations should leverage their management practices as far as possible by inculcating the desired leadership behaviours and processes to ensure the employees embrace the organisation’s core values and philosophy when performing their duties and responsibilities. To socialise the corporate culture among the members, organisations should translate their values and beliefs into policies, systems, processes, and practices featuring a kind of social order for the members to follow on an on-going basis. This institutionalisation of the corporate culture into day-to-day practices, rules, and procedures will
better cushion the organisations against the pitfall of managers making decisions that deviate from the corporate philosophy due to any cultural shock resulted from the uncertainties and ambiguities presented by the overseas market and socio-cultural environment such as that in China. The socialisation of corporate culture is particularly critical for foreign firms to not only maintain their established corporate identity but also steer the business operating processes involving employees and other external business partners or customers towards the trajectory attached to the firms’ plan of entering into the Chinese market.

(c) Enhance the strategic contexts of HRM practices. As one of the business management tools being rated higher than culture as the perceived cause of PM effectiveness, HRM practices should be given higher strategic values in order that their function of leveraging people’s capabilities to achieve the PM objectives and desired performance can be maximised. Given the fact that the management skills of the managers in China are not yet mature enough, the coherent and integrated approach of HRM practices to train and develop the employees; deploy and build the talent pipeline; and motivate as well as mobilize the employees towards the organisational goals should be devised strategically with greater management support. In their decisions to bring HRM practices onto the road of convergence or otherwise divergence as discussed in Chapter Two, organisations should analyse and evaluate the strengths and weaknesses of their market position, technological advantages, and managerial capabilities to ensure that they are competitive enough to support the organisations’ implementation of their parent company’s HRM practices in the overseas operations where the local competitive forces can be hard to be overcome when there is a lack of or
insufficiency in the local knowledge. In deciding whether the value of
global consistency intended by the transfer of a system or practice to the
host country can really be realised, review of system or practice
compatibility to the local environment should be made in advance. As far
as HRM practices are concerned, the compatibility should be associated
with the local employment market including the institutional, legal and
regulatory requirements, socio-cultural norms and constraints, and whether
there are positive or negative implications of any specific leadership styles
or processes, etc. In fact, for HRM practices to be strategic, they have to
seek business alignment encompassing a wide range of HR functions such
as talent acquisition and development; international staffing and deployment;
employee compensation and motivation, employees’ relations, and of course
performance management, etc. Through the compatibility evaluation to
identify the strengths and weaknesses of the firms’ competitiveness in their
overseas operations, foreign firms will have the information necessary for
them to choose among the approaches of convergence, divergence, or
cross-vergence as proposed by various scholars, towards the aim of
capitalising on the opportunities in the marketplace and to avoid threats to
its pursuit of performance and development in China. What is more
important in the decision behind the choice of convergence, divergence, or
cross-vergence is that the ultimate goal of the approach employed should
make the firms truly global rather than just international, i.e., they should
reserve elasticity in managing the people and the operations across the
globe such that local responsiveness to the ever-changing country
development and the unpredictable business market volatility can be
addressed effectively and efficiently.
(d) Focus on the business or economic performance. There are observations from the findings that some foreign firms tend to act along the principle that the PM objectives and ultimately the economic interests are to be met. It has also been observed that when encountering the situations where cultural values and commercial benefits are competing with each other, firms will tend to apply a pragmatic approach which is underscored by the economic-rational science for decision-making. More often than not, the mix of business strategy and the overall management practices, including the HRM practices and PM practices, should be what the foreign firms operating in China need to evaluate in terms of their effectiveness in supporting the firms to fulfill the business needs and goals against the external market and societal cultural pressures. Indeed, when firms formulate their systems, practices, and policies to seek performance success, the most crucial part is not necessarily to put the focus only on Chinese cultural orientations but rather on the best possible effect that such approach can produce in the right place and for the right purpose. Therefore, foreign firms are recommended to take a pragmatic approach in determining their PM strategy by making a robust inquiry in a wider business context associated with the business or economic performance so as to align the business with the performance needs and requirements that may vary from time to time.

(e) Understand the country development in China. As already discussed in section 6.3.1, the economic development in China has been robust and has consequently triggered the increasing diffusion of the Western cultures and even the value-laden viewpoints causing people and the youngsters to make their own judgement against or in favour of their home country’s cultures.
Therefore, foreign firms should keep pace with the country development of China including the demographic movements of the younger generations so that they can track the directions and speed of the potential shifts in cultural orientations which have been discussed in the aforesaid section. By studying whether there are implications or signals that the Western cultures and management practices are becoming prevalent and acceptable in China, foreign firms may then evaluate whether they can bring from their home countries the ‘best practices’, which are usually more desirable due to the greater ease of strategy and practice formulation, better cross-country control of the overseas subsidiaries’ administration, and the spread of the corporate culture for guiding the global business logics.

(f) Think more broadly about what works best for doing business in China when formulating the PM practices. It is important that the foreign firms’ selection of the PM focus should have been made based on the concern and objective of attaining competitive advantages or operational efficiency by applying the right systems or practices to the right environment considering the match or agreeableness with the expectations of the stakeholders at large, i.e. the employees internally and the customers, the government, and business partners externally. As stated above, although culture appears to be not the dominating factor for PMP formulation, foreign firms should still try to figure out how culture may impact the design and implementation of the PM practices in order for their overseas offices to fulfill their performance targets. That is; these firms should not just look at how the business strategies, management practices, and HRM practices can contribute to company performance through the on-going system implementation or policy execution in alignment with the performance
objectives, but also try to extend their management imperatives to cover national culture to attain the maximum advantages of acting on knowing how it works best for doing business in China.

6.5 Conclusion

Against the findings that Chinese culture is not necessarily the dominating factor that determines the foreign firms’ PMP formulation; and that business strategies, management practices and HRM practices play a part in constituting the PMP criteria, the impact of culture on MNCs’ design of practices to manage their business including performance appears to have become a kind of myths. However, just because the findings indicate that Chinese culture is not necessarily the dominating factor for PMP formulation does not really mean the impact of Chinese culture is little. In fact, according to Jardines’ practices in managing their operations in China and even in the whole Asian region as discussed earlier on, there are empirical evidences that MNCs still show concerns about any potential conflicts their PM practices may encounter in the host countries such that they even adjust and adapt quite a bit to ensure better comfort in the practices’ implementation. Besides, as this study concludes, there are other factors that span across the surrounding environment of the MNCs causing the need for these corporations to take deeper insights into both the macro situations such as the economic and societal development or movements and the micro conditions such as the management priorities and business strategies when they devise their performance plans.

On the one hand, Chinese cultural values seem to have a profound and enduring
influence as suggested by a great deal of researches so far on the way the MNCs manage their people including the stakeholders interacting around various spheres and spaces of their businesses creating what Warner (1993) and Child (1994) highlighted as the tension between what is required to be effective in implementing the western approach to performance appraisal and the Chinese cultural tradition. On the other hand, the modernisation taking place in China has taken this country’s people forward to see a bigger world of cultural diversity and has resulted in the materialism that eventually turns people’s perspectives of values around causing the gradual conquer of the traditional cultural forces.

As China is undergoing rapid changes leading to greater diversity in both the internal and external forces shaping the political, economical, institutional, and social arenas, it is very difficult to assess the degree to which traditional Chinese culture may pose any influence on management values at organisational level and behavioural norms at individual level. So, the foreign firms should constantly keep pace with what is happening in this country and to its people at large so that they can assess their position in terms of the readiness and magnitude to introduce the types of PM practices that could probably be regarded as a dilemma between the firms’ desperate reliance on those practices for success and the firms’ discomfort of possible failure due to potential conflicts with the socio-cultural values, institutional requirements, and political limitations. As such, the constant study of the Chinese development in the economic, institutional, political, and socio-cultural aspects will also help the firms to build a learning curve of their knowledge about the evolution of Chinese culture and equip them with the updated information needed to formulate the PM practices with minimal uncertainty and ambiguity of potential socio-cultural conflicts that
may threaten the success of PM effectiveness and achievement.

In summary, for firms operating in China, the challenges of managing cross-cultural issues that may influence the directions of their management practices are getting more complicated than before since China’s growth in fast pace is leaving very little clues to the firms overseas to perfectly assess their risk or threats of neglecting the cultural forces that sweep across different cities in the country. It is therefore important for the foreign firms to seek a balance, if not to mitigate a dilemma, between their corporate culture and the local environment including the local culture of the country the firms are operating in. To ensure business can run to overcome any barriers that may stand in their way, business corporations need to develop or acquire the knowledge of Chinese culture’s idiosyncrasies and hence capability to deal with any challenges presented by the business market environments and the wider national and business contexts. To deal with those challenges, the corporations have to think about what best fits their needs and pick the best possible strategies or approaches taking into account the factors surrounding the corporations internally and externally.

Before bringing this discussion to a close, the author would like to point out that Chinese people are pragmatic as so suggested by China’s low UA culture or rational in the sense of utilitarianism which may reinforce the country’s LTO culture. Guided by the notion of pragmatism, the Chinese people are prone to adjust or adapt to the circumstances to the extent that they will make the best of what is available on hand or rationalise a decision where the benefits optimisation requires an assertive balance between two competing forces. Pointing to such a distinct cultural characteristic of the Chinese people, Deng
Xiao Ping, the late Communist Party leader of China, has made an inspiring metaphor suggesting that a good cat is not about whether it is black or white in colour but about whether it can catch the rats. So, the kind of message that such a metaphor is meant to deliver to any person or organisation about Chinese culture is that the interpretation of the reality is rather individual-driven and the standard about what is good or bad, right or wrong, or positive or negative can be ambiguous and uncertain. In fact, there can be variances in the cultures between different cities in China. Based on the findings of Ralston et al.’s (1996) study of the values held by 704 managers located in six cities in China, the Chinese managers from the relatively cosmopolitan city of Guangzhou, especially those younger ones, attached less importance to collectivism than those from the more traditional locations. This kind of cultural variance by city in China may aggravate any attempts to find the true identity of cultural orientations there. Therefore, the constant watch that the foreign firms are suggested to carry out should include the city- or region-based study so that the cultural variances can be tracked and evaluated for the firms to minimise any potential socio-cultural conflicts as far as possible.

Very often, doing business in China can be like playing a mental game where the chance of winning depends on the organisations’ ability to find the true scheme of colours between the extreme polarity of black and white. In fact, the true scheme of colours can hover around anywhere in that the colour at that point, grey colour for an example, may perfectly provide the right solution that is needed when the coping strategy coloured by the orientation towards low uncertainty avoidance means that the ‘flimsy’ grey is deemed more preferable than the ‘solid’ black or white. In China, applying counter-measures at lower
level to get what one needs by doing whatever it takes to beat the policy restrictions promulgated at the higher level is a common rule of the game. Inspired by Deng’s metaphor above and gathering the findings as well as the implications discussed so far, the author would like to leave a word of advice to the foreign firms that being pragmatic and acting on what that makes the best sense for fulfilling the organisation’s performance objectives and business priorities should be the kind of magic counter-measures to permit the foreign firms to land softly on their path of entry into the rule of the cultural game in China.
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APPENDIX A (QUESTIONNAIRE)

1. What’s the nationality of your organisation’s parent company (e.g. American, Australian, British, French, German, Hong Kong, Japanese, Korean, etc)?

   Answer: ________________________________________________________________

2. What’s the industry in which your organisation is operating?

   A. Banking & Finance (including Insurance) ☐
   B. Manufacturing ☐
   C. Professional Services (e.g. Legal, Accounting, Consulting) ☐
   D. Trading ☐
   E. Others (please specify: ____________________________________________)

3. What’s the employee size of your organisation?

   A. 1 – 50 ☐
   B. 51 – 200 ☐
   C. 201 – 500 ☐
   D. 501 – 1,000 ☐
   E. Over 1,000 ☐

4. What’s the size of your team?

   A. 1 – 10 ☐
   B. 11 – 30 ☐
   C. 31 – 100 ☐
   D. 101 – 200 ☐
   E. Over 200 ☐

5. What position are you working in?

   A. Clerk (or Assistant), Technician ☐
   B. Professional (e.g. Analyst, Accountant, Consultant, Engineer, Legal Advisor, etc) ☐
C. Supervisor (or Officer with supervisory responsibility) □
D. Manager (ranging from Assistant Manager to Department Head or Division Head) □
E. Any position in HR/Personnel Dept (please state the title): _________________) □

6. What's the nationality of your organisation's top manager such as Chairman/CEO/Managing Director?
A. Same as the Parent Company's home country □
B. Chinese National – Local Citizen □
C. Chinese National – Chinese Overseas Returnee □
D. Chinese Overseas Returnee with Foreign Nationality (holding foreign passport) □
E. Other Foreign Countries (Third Country Nationals) □

7. What's the nationality of your immediate supervisor/manager?
A. Same as the Parent Company's home country □
B. Chinese National – Local Citizen □
C. Chinese National – Chinese Overseas Returnee □
D. Chinese Overseas Returnee with Foreign Nationality (holding foreign passport) □
E. Other Foreign Countries (Third Country Nationals) □

8. Based on your understanding, your organisation only appoints employees from the parent company's home country to the top manager's position.
A. Always □
B. Very Often □
C. Usually □
D. Seldom □
E. Never □

9. Based on your understanding, your organisation only appoints employees with overseas working experience (including that in Hong Kong) to the supervisory or managerial
positions.

A. Always ☐
B. Very Often ☐
C. Usually ☐
D. Seldom ☐
E. Never ☐

10. Has your company changed the PM system in the past 5 years?

‘Yes’ ☐ ‘No’ ☐ ‘Not sure’ ☐

If your answer is ‘Yes’, do you know the reason behind the change?

No, I don’t know

Yes, it is because __________________________________________________________
____________________________________________________________________

11. What is your personal evaluation on the effectiveness of your company’s PM system?

“Effectiveness” in this context refers to the degree to which the system has made the employees understand and fulfill their responsibilities in line with the performance expectation or requirements communicated in the system manual or via supervisors’/managers’ instruction. Examples of “ineffectiveness” may include queries about; grievances or complaints against unfair expectation/requirements or even inadequate values or beliefs embedded in the system in motivating the employees to perform to the satisfaction of the company management.

A. Extremely effective ☐
B. Effective ☐
C. Neither Effective Nor Ineffective ☐
D. Ineffective ☐
E. Extremely Ineffective ☐
12. Following your answer to Question 11, please indicate which of the following phenomena/conditions best describes the cause of such effectiveness or ineffectiveness. (You may choose more than one answer, if appropriate.)

F. Management practice (management practice that sets or does not set examples to reinforce the values/beliefs embedded in the system)

G. Training adequacy (training available or not available to guide or educate the employees into following the performance criteria)

H. System implementation (well or badly organized to facilitate appropriate flow of the PM cycle, e.g. goal-setting agreement, feedback dialogues, etc)

I. System integration (well or badly integrated into the system that addresses employees needs or concerns such as compensation, recognition, career advancement, job security, employer-employee relations)

J. Culture (fitting or unfitting the Chinese culture)

13. Please indicate your understanding of your company’s PM system’s emphases in terms of the company’s expectation or requirements on employees’ outputs or behaviors. Please use the scale from 1 to 5, where 1 means the least emphasis and 5 the most, to represent the degree of emphasis.

<table>
<thead>
<tr>
<th>Output/Behavior expectations/requirements</th>
<th>Degree of PM system’s emphasis</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Technical knowledge and skills are the most important performance appraisal factors</td>
<td>1 □ 2 □ 3 □ 4 □ 5 □</td>
</tr>
<tr>
<td>B. Individual attitude and behaviours are as important as technical knowledge and skills in performance appraisal</td>
<td>1 □ 2 □ 3 □ 4 □ 5 □</td>
</tr>
<tr>
<td>C. Punctuality for attendance at office is always counted in appraising performance</td>
<td>1 □ 2 □ 3 □ 4 □ 5 □</td>
</tr>
<tr>
<td>D. Display willingness to take risk</td>
<td>1 □ 2 □ 3 □ 4 □ 5 □</td>
</tr>
<tr>
<td>E. Display adherence to measures against risk</td>
<td>1 □ 2 □ 3 □ 4 □ 5 □</td>
</tr>
<tr>
<td>F. Managers’ display of leadership that directs</td>
<td>1 □ 2 □ 3 □ 4 □ 5 □</td>
</tr>
</tbody>
</table>
employees to act with the company instruction in mind

G. Managers’ display of leadership that supports staff to act with flexibility

H. Challenge to your manager’s instructions is in all cases an act that invites punishment

I. Challenge to your manager’s instructions is an act that is well received

J. Exercise of personal integrity is required in all internal and external activities including attempts to win business deals

K. Care about firm reputation is required in all internal and external activities including attempts to win business deals

L. Exercise of personal integrity is required in all internal and external activities including attempts to develop client relationship

M. Care about firm reputation is required in internal and external activities including attempts to develop client relationship

N. Employees’ development plan counts as a part of the appraisal factors and has impact on the rating results

O. Employees’ development plan forms part of the appraisal system but has no impact on the rating results

P. Employees’ feedback and comments count as a part of the appraisal system and specifically require managers’ written feedback

Q. Employees’ feedback and comments form part of the appraisal system but do not specifically require managers’ written feedback

R. What would happen if an employee refuses to sign on the appraisal form to acknowledge acceptance of the appraisal comments/ratings? (Please give a tick to the appropriate box below. You may choose more than one answer, if necessary.)

1. The employee will be punished for failing to cooperate. ☐

2. The appraisal comments/ratings will still hold disregard the employees’ disagreement ☐
3. The manager will have a dialogue with the employee to understand his/her viewpoints and seek consensus □

4. The HR staff will be asked to help seek consensus between the manager and the employee □

5. The case will be escalated to the next senior manager for his/her disposal □

14. In performing their duties and responsibilities, employees may be advised, explicitly or not, of the purposes/achievement focus that their performance is expected to fulfill. Listed below are the possible features of those purposes/achievement focus.

Using the scale of 1 to 5, where 1 means the lowest degree and 5 the highest, please indicate your understanding of the degree to which your company expects the fulfillment of those purposes/achievement focus in its employees' performance.

**PURPOSES/ACHIEVEMENT FOCUS**

A. **FEATURE ONE:**

i. Focus on business results (e.g. financial results, overall results against pre-set objectives)

   1 □   2 □   3 □   4 □   5 □

ii. Focus on people engagement (e.g. efforts expended in working towards results)

   1 □   2 □   3 □   4 □   5 □

*(For Questions iii to vi below, please give a tick ˇ to the appropriate box to indicate your answer)*

iii. When both business results and people engagement count and the situation requires management choice of focus, **business results □ / people engagement □ / not sure which □** ranks higher in terms of performance expectation/requirement

iv. Do you believe that this feature is **acceptable to □ / not acceptable to □ / already in use in □ / uncertain in (if you have no idea) □** the state-owned-enterprises in China?
v. Do you believe that this feature is acceptable to ☐ / not acceptable to ☐ / fitting into ☐ / uncertain in (if you have no idea) ☐ the local business market’s practice?

vi. Do you believe that this feature is acceptable to ☐ / not acceptable to ☐ / fitting into ☐ / uncertain in (if you have no idea) ☐ the socio-culture of China?

B. FEATURE TWO:

i. Focus on employees’ compliance (e.g. staff’s compliance to discipline codes and performance standards)

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

ii. Focus on employees’ commitment (e.g. staff’s self-management and continuous improvement in performance standards)

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

(For Questions iii to vi below, please give a tick ´ to the appropriate box to indicate your answer)

iii. When both compliance and commitment count and the situation requires management choice of focus, compliance ☐ / commitment ☐ / not sure which ☐ ranks higher in terms of performance expectation/requirement

iv. Do you believe that this feature is acceptable to ☐ / not acceptable to ☐ / already in use in ☐ / uncertain in (if you have no idea) ☐ the state-owned-enterprises in China?

v. Do you believe that this feature is acceptable to ☐ / not acceptable to ☐ / fitting into ☐ / uncertain in (if you have no idea) ☐ the local business market’s practice?

vi. Do you believe that this feature is acceptable to ☐ / not acceptable to ☐ / fitting into ☐ / uncertain in (if you have no idea) ☐ the socio-culture of China?
C. **FEATURE THREE:**

i. Focus on organisational needs and concerns (e.g. show predominant caring of organisational agenda when involving the employees in any business activity or action that may impact their personal and family well-being)

1 2 3 4 5

ii. Focus on employees’ needs and concerns (e.g. show considerable caring of employees’ quality of life when involving the employees in any business activity or action that may impact their personal and family well-being)

1 2 3 4 5

*(For Questions iii to vi below, please give a tick (~) to the appropriate box to indicate your answer)*

iii. When the needs and concerns of both the organisation and employees count and the situation requires management choice of focus, organisational needs and concerns / employees’ needs and concerns / not sure which ranks higher in terms of performance expectation/requirement

iv. Do you believe that this feature is acceptable to / not acceptable to / already in use in / uncertain in *(if you have no idea)* the state-owned-enterprises in China?

v. Do you believe that this feature is acceptable to / not acceptable to / fitting into / uncertain in *(if you have no idea)* the local business market’s practice?

vi. Do you believe that this feature is acceptable to / not acceptable to / fitting into / uncertain in *(if you have no idea)* the socio-culture of China?
D. FEATURE FOUR:

i. Focus on subordinates’ outputs (e.g. what the staff members have done to achieve the results) in their managers’ appraisal

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

ii. Focus on subordinates’ behaviors (e.g. how the staff members have achieved the results) in their managers’ appraisal

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

(For Questions iii to vi below, please give a tick ~ to the appropriate box to indicate your answer)

iii. When both outputs and behaviors count and the situation requires management choice of focus, outputs ☐ / behaviors ☐ / not sure which ☐ ranks higher in terms of performance expectation/requirement

iv. Do you believe that this feature is acceptable to ☐ / not acceptable to ☐ / already in use in ☐ / uncertain in (if you have no idea) ☐ the state-owned-enterprises in China?

v. Do you believe that this feature is acceptable to ☐ / not acceptable to ☐ / fitting into ☐ / uncertain in (if you have no idea) ☐ the local business market’s practice?

vi. Do you believe that this feature is acceptable to ☐ / not acceptable to ☐ / fitting into ☐ / uncertain in (if you have no idea) ☐ the socio-culture of China?

E. FEATURE FIVE:

i. Focus on staff members’ use/demonstration of individual decisions/responsibilities

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
ii. Focus on staff members’ use/demonstration of group decisions/responsibilities

1 □  2 □  3 □  4 □  5 □

(For Questions iii to vi below, please give a tick " to the appropriate box to indicate your answer)

iii. When both individual decision and group decision count and the situation requires management choice of focus, individual decision □ / group decision □ / not sure which □ ranks higher in terms of performance expectation/requirement.

iv. Do you believe that this feature is acceptable to □ / not acceptable to □ / already in use in □ / uncertain in (if you have no idea) □ the state-owned-enterprises in China?

v. Do you believe that this feature is acceptable to □ / not acceptable to □ / fitting into □ / uncertain in (if you have no idea) □ the local business market’s practice?

vi. Do you believe that this feature is acceptable to □ / not acceptable to □ / fitting into □ / uncertain in (if you have no idea) □ the socio-culture of China?

F. FEATURE SIX:

i. Focus on harmony among staff members when engaged in discussion of status quo or issues that need attention (e.g. relationship-oriented approach in raising enquiries)

1 □  2 □  3 □  4 □  5 □

ii. Focus on debates among staff members when engaged in discussion of status quo or issues that need attention (e.g. improvement-oriented approach in raising enquiries)

1 □  2 □  3 □  4 □  5 □

(For Questions iii to vi below, please give a tick " to the appropriate box to indicate your answer)
iii. When both harmony and queries count and the situation requires management choice of focus, harmony □ / debates □ / not sure which □ ranks higher in terms of performance expectation/requirement

iv. Do you believe that this feature is acceptable to □ / not acceptable to □ / already in use in □ / uncertain in (if you have no idea) □ the state-owned-enterprises in China?

v. Do you believe that this feature is acceptable to □ / not acceptable to □ / fitting into □ / uncertain in (if you have no idea) □ the local business market's practice?

vi. Do you believe that this feature is acceptable to □ / not acceptable to □ / fitting into □ / uncertain in (if you have no idea) □ the socio-culture of China?

G. FEATURE SEVEN:

i. Focus on managers’ ability to give top-down directions to employees (e.g. direct and close monitoring of employees’ work with minimal consultation)

1 □ 2 □ 3 □ 4 □ 5 □

ii. Focus on managers’ ability to encourage employees’ participation (e.g. elicit employees’ bottom-up suggestions for decision-making or improvement proposals)

1 □ 2 □ 3 □ 4 □ 5 □

(For Questions iii to vi below, please give a tick ~ to the appropriate box to indicate your answer)

iii. When both managers’ ability to give top-down directions and to encourage employees’ participation count and the situation requires management choice of focus, managers’ ability to give top-down directions □ / encourage employees’ participation □ / not sure which □ ranks higher in terms of performance expectation/requirement
iv. Do you believe that this feature is acceptable to ☐ / not acceptable to ☐ / already in use in ☐ / uncertain in (if you have no idea) ☐ the state-owned-enterprises in China?

v. Do you believe that this feature is acceptable to ☐ / not acceptable to ☐ / fitting into ☐ / uncertain in (if you have no idea) ☐ the local business market’s practice?

vi. Do you believe that this feature is acceptable to ☐ / not acceptable to ☐ / fitting into ☐ / uncertain in (if you have no idea) ☐ the socio-culture of China?

H. FEATURE EIGHT:

i. Focus on business ethics in the course of actions to win businesses (e.g. prohibit the use of methods or offer of benefits beyond the global standard adopted by the parent company)

   1 ☐  2 ☐  3 ☐  4 ☐  5 ☐

ii. Focus on business returns in the course of actions to win businesses (e.g. win businesses by all means, including the use of methods or offer of benefits beyond the global standard adopted by the parent company)

   1 ☐  2 ☐  3 ☐  4 ☐  5 ☐

(For Questions iii to vi below, please give a tick ✐ to the appropriate box to indicate your answer)

iii. When both business ethics and business returns count and the situation requires management choice of focus, business ethics ☐ / business returns ☐ / not sure which ☐ ranks higher in terms of performance expectation/requirement

iv. Do you believe that this feature is acceptable to ☐ / not acceptable to ☐ / already in use in ☐ / uncertain in (if you have no idea) ☐ the state-owned-enterprises in China?
v. Do you believe that this feature is acceptable to ☐ / not acceptable to ☐ / fitting into ☐ / uncertain in (if you have no idea) ☐ the local business market's practice?

vi. Do you believe that this feature is acceptable to ☐ / not acceptable to ☐ / fitting into ☐ / uncertain in (if you have no idea) ☐ the socio-culture of China?

15. Based on your understanding or in summing up, do you agree that your company’s PM system follows that which is used in the parent company?

A. Strongly Disagree ☐
B. Disagree ☐
C. Neither Disagree Nor Agree ☐
D. Agree ☐
E. Strongly Agree ☐

16. Disregard whether your company’s PM system follows that which is used in the parent company, do you agree that its features or emphases display a reasonable match with the local culture?

A. Strongly Disagree ☐
B. Disagree ☐
C. Neither Disagree Nor Agree ☐
D. Agree ☐
E. Strongly Agree ☐

17. If your answer to Question 16 is A, B, or C, do you agree that the cultural mismatch, however little or much, can impact –

I. The effectiveness of the PM system?

A. Strongly Disagree ☐
B. Disagree ☐
C. Neither Disagree Nor Agree ☐
D. Agree ☐
E. Strongly Agree ☐
II. The employees’ ability to fulfill the performance expectation or requirements?

A. Strongly Disagree □
B. Disagree □
C. Neither Disagree Nor Agree □
D. Agree □
E. Strongly Agree □

- END OF THE QUESTIONNAIRE -