An Assessment of International Human Resource Management (IHRM) Practices in Chinese Multinational Corporations (MNCs) in Africa: Standardisation or Adaptation

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<th>Full Form</th>
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<tbody>
<tr>
<td>CREC</td>
<td>China Railway Engineering Corporation</td>
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<tr>
<td>CSCEC</td>
<td>China State Construction Engineering Corporation</td>
</tr>
<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
</tr>
<tr>
<td>HQ</td>
<td>Headquarter</td>
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<td>HRD</td>
<td>Human Resource Development</td>
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<td>HRM</td>
<td>Human Resource Management</td>
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<td>IHRM</td>
<td>International Human Resource Management</td>
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<td>INGOs</td>
<td>International Non-governmental Organisations</td>
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<td>JV</td>
<td>Joint Ventures</td>
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<td>KPA</td>
<td>Key Performance Affairs</td>
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<td>Key Performance Indicators</td>
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<td>MNCs</td>
<td>Multinational Corporations</td>
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<td>MOFCOM</td>
<td>Ministry of Commerce of the People’s Republic of China</td>
</tr>
<tr>
<td>NGOs</td>
<td>Non-governmental Organisations</td>
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<td>OCO</td>
<td>Organisational Change and Development</td>
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<td>PBC</td>
<td>Personal Business Commitments</td>
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<tr>
<td>PM</td>
<td>Performance Management</td>
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<tr>
<td>SEZs</td>
<td>Special Economic Zones</td>
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<tr>
<td>SMEs</td>
<td>Small and Medium-sized Enterprises</td>
</tr>
<tr>
<td>SOEs</td>
<td>State-owned Enterprises</td>
</tr>
<tr>
<td>SSA</td>
<td>South Saharan Africa</td>
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<tr>
<td>SSD</td>
<td>System, Societal and Dominance</td>
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<tr>
<td>TUP</td>
<td>Time-based Unit Plan</td>
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ABSTRACT

International Human Resource Management (IHRM) plays a significant role in Multinational Corporation (MNC) management and governance, particularly when such organizations transfer policies and practices from their headquarters to subsidiaries overseas. However, there is some scepticism concerning the balance and coherence in the relationship between standardized systems set in MNC headquarters and the adapted practices in their subsidiaries. This may become evident when considering the factors that influence the design, conduct and related effectiveness of human resource practices such as performance management. This research explores the extent to which transferability of a model for performance management, initially based on western practice, is possible from China to Africa, taking into account the required adaptation of its specific Chinese characteristics to specific African conditions. It concludes that performance management can make an important and long-lasting contribution to Chinese MNCs in Africa and raise their competitiveness and efficiency, although significant challenges remain.

In the exploration of the design and implementation of this HR practice in the headquarters and subsidiary contexts, the study evaluates the methods incorporated in performance management systems for their effective transfer and examines the key factors which concern stakeholders, including employee engagement, intercultural communication and sustainable impacts within a development context. The research develops an analytical framework for taking into account the context, the influential factors and the effectiveness criteria of performance management systems in Chinese MNCs when their IHRM practices are transferred into different contexts, with specific reference to an Africa case study context. The study establishes that in the contexts considered the benefits of standardized HR practices, such as performance management, may be gained most fully for both headquarters and subsidiary when these practices are set within a win-win frame for both parts of the organisation. One which is characterised by an appropriate balance of standardisation and adaptability.

**Keywords:** International Human Resource Management (IHRM), Chinese Multinational Corporations (MNCs), Africa, Standardization and Adaptation
DECLARATION

I, Lujia Feng, hereby declare that no portion of the work referred to in this thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

Lujia Feng

Date: 29th August 2016
Degree: Ph.D., the Faculty of Humanities, the University of Manchester
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DEDICATION

To My Beloved and Respectful Parents

Mr. Dezhi Feng
Mrs. Honglan Wang

And

All Staff Members in Chinese MNCs in Africa
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CHAPTER ONE: INTRODUCTION

1.1 The Background of the Thesis

From the late 20th century to the present date, interest has grown in the research on international human resource management (Ferner et al., 2011; Schuler & Tarique, 2007; Brewster et al., 2005; Sparrow & Braun, 2006; Taylor et al., 1996). In the view of Schuler et al. (1993) and others, IHRM refers to the process of human resource management in an international context and considered from a global perspective (Brewster, 2002; Briscoe & Schuler, 2004; Poole, 1999; Schuler & Tarique, 2007). It emphasizes human resource management in international business and to a lesser degree, other sector assignments and the international aspects of HRM policies and practices (Harzing & Pinnington, 2011). IHRM as a discipline focuses on the understanding, application and modification of all human resource activities with the consideration of internal and external influential factors. In the organisational level, IHRM is closely relating to strategic goals and competitiveness of enterprises in the global environment (Schuler & Jackson, 2005; Schuler & Tarique, 2003; Stahl & Bjorkman, 2006).

Against the backdrop of globalisation and competition in the international market, it is asserted that effective policies and practices of IHRM play a crucial role in organisational operation and performance, especially for multinational corporations (MNCs) which are the product of global expansion (Needle, 2004). According to recent data from the United Nations Centre in 2009, there were nearly 61,000 multinational corporations in the world, controlling in turn some around 900,000 subsidiaries (UN, 2009). Compared with small and medium sized enterprises (SMEs) which have smaller sales, fewer employees and smaller assets, MNCs make direct investment in the form of marketing or manufacturing branches in multiple countries (Cassell et al., 2002). They generate employment, investment and tax revenue for areas in which they operate and contribute to the development of economies (Wild & Wild, 2013). So the target of IHRM is to ensure successful operation of MNCs in the globalisation context (Schuler et al., 1993).

To maintain the effectiveness and efficiency of IHRM policies and practices in the international competition, MNCs are to be 1) competitive across the world 2) efficient 3) ideally locally adaptable to specific situations 4) globally standardized 5) a strong capacity for
knowledge transfer (Schuler \textit{et al.}, 1993; Sparrow & Brewster, 2006). The above portrayed requirements have been deeply influenced by the practices of IHRM in a wide range of organisations, and it can be argued that the difference between success and failure for many MNCs lies in the effectiveness of IHRM practices (Briscoe & Schuler, 2004). But the globally standardized procedures are remained for further discussion considering its effectiveness in empirical contexts, especially for Chinese MNCs in Africa. The debate on standardisation and adaptation will be explored in the following parts.

China's economy has reformed itself and the GDP has grown at a rate between 7 and 9 percent annually over the past two decades, and 6.9 percent in 2015 from the latest report of Chinese government (State Council of the PRC, 2016). So the significant role of China in the global market cannot be ignored in academic area (Wild & Wild, 2013). For instance, some organisations have published new research of the Chinese economy with evaluation of China's real GNP compared with other world economies (Lardy, 1994). As an important player in the world market, Chinese enterprises account for an increasing share of the global economy. With the economic reforms in the state sector, many Chinese MNCs and Joint Ventures (JVs) have focused on their international competitiveness and the connection to the world (Cooke, 2005). For example, an increasing amount of Chinese enterprises have changed their traditional approaches and policies of management in accordance to the process of marketization and autonomy (Zhu & Dowling, 2002). Considering this context, academic research has placed emphasis on the methods by which Chinese companies manage their employees both in the PRC and abroad to ensure their organisations’ competitiveness (Lamond & Zheng, 2010). Previous research in this field has focused largely on the practices of IHRM in subsidiaries of foreign MNCs operating in China while less attention has been paid to the practices of IHRM in Chinese MNCs abroad in foreign countries (Zheng, 2013; Cooke, 2011; Warner, 2010; Child, 2009; Rovai, 2005).

Since 1978, the Chinese government began to change its national policy from class struggle to socialist economic construction which was proposed by Deng Xiaoping (Zhu \textit{et al.}, 2010). The reform focuses on the rural areas and fiscal system with more autonomy in the market. At the same time, international trade and foreign investment is also advocated by the government through the establishment of Special Economic Zones (SEZs), Open cities and Open Regions (Webber & Zhu, 1995). When the Chinese government formulated the national policy of ‘go global’ in 2004, it stimulated a growing number of Chinese enterprises to enter and compete in
the international market (Fan et al., 2013). As a host country with rapid development for international business, China has attracted attention across the world. According to the statistics in MOFCOM (2016), in 2015, China's exports reached 2276.6 billion U.S. dollars and China’s export to Africa is 108.67 billion U.S. dollars with an increase of 2.5% in 2014. Figure 1-1 below demonstrates the growth of China’s FDI in South Saharan Africa (SSA) and its share in total FDI flows to SSA from 2003 to 2013.

Figure 1-1: China’s FDI in South Saharan Africa (SSA) and its Share in Total FDI Flows to SSA from 2003 to 2013

Source: MOFCOM (2014).

The data from MOFCOM (2014) in Figure 1 indicates that Chinese FDI flows to SSA increased from US$100 million in 2003 to US$3.1 billion in 2013, accounting for over 7 percent of global investment in the region. From this figure, a dramatic spike in FDI was obvious in 2008, which is largely attributed to a single transaction through government cooperation between China and Africa as the Industrial and Commercial Bank of China (ICBC), one of China’s largest state-owned commercial banks, invested nearly US$5.6 billion to buy a 20 percent share of South Africa’s Standard Bank (The New York Times, 2007). It is
the evidence that government support plays a crucial role in facilitating the cooperation between China and Africa. Furthermore, the majority of China’s investment in Africa focuses on resource-rich countries and industries. Figure 1-2 and Figure 1-3 below illustrates the rank of countries and industries of China’s FDI in SSA.

Figure 1-2: China’s FDI in SSA by Country (US$, millions) in 2014

```
 7030.00
4400.00
2164.00
2146.00
1635.00
1521.00
1507.00
1092.00
850.00
835.00

Others
South Africa
Zambia
Nigeria
Angola
Zimbabwe
Sudan
Congo DR
Mauritius
Ghana
```

*Source: MOFCOM (2014).*

Figure 1-3: China’s FDI in SSA by Sector (percentage) in 2013

```
Extractive Industry: 31%
Finance: 15%
Other: 20%
Construction: 18%
Manufacturing: 16%
```

*Source: State Council of the PRC (2013).*
From the above discussion and figures, it is clear that there are two main reasons why Africa has become the place where many Chinese MNCs establish their subsidiaries. As China has experienced remarkable economic growth in the past few decades, the demands for natural resources and investment in them for Chinese industrialization have also increased rapidly. That is one of the most important drivers facilitating the increased cooperation between China and Africa (Zafar, 2007). In order to have access to raw materials and to find markets for their products, many Chinese MNCs have begun to develop or broaden their business activities in Africa. Numerous Chinese MNCs have established an operational network of business, infrastructure, trade, aid and investment in nearly fifty African countries. The areas of their interest have expanded from natural resources to manufacturing, telecommunications, banking, clothing and service industry (Zafar, 2007). Moreover, the closer diplomatic relationships between China and African countries have also facilitated the development of Chinese MNCs in Africa (Zafar, 2007).

With regard to the overseas operation of the emerging Chinese MNCs, some research has mainly given priority to the IHRM of Chinese MNCs in developed countries rather than in developing ones (Zhang, 2003; Zhang & Edwards, 2007; Cooke, 2012; Fan et al., 2013). In fact, with their own advantages such as capital, flexibility, size and culture, many Chinese MNCs are seeking to transfer their experience of IHRM to less developed countries (Child & Rodrigues, 2005; Zheng, 2013). There is some evidence to suggest that Chinese MNCs firstly absorbed the advanced policies and practices of IHRM from developed countries such as Western Europe and North America. Then they modified and changed the practices to fit with the operation of large Chinese transnational organisations (Zhang & Edwards, 2007; Warner, 2008; Cooke, 2009; Edwards & Rees, 2011). And then western policies and practices with the added Chinese characteristics are now being transferred to less developed regions where Chinese MNCs invest and do business, with some further modifications based on the host conditions (Gu, 2009; Edwards & Rees, 2011; Kamoche, 2011). In other words, a relatively gradual process of IHRM evolution is displaced by a more rapid assimilation of change in western practice and its transfer to MNCs contexts through operation and activity in and outside China, for example, in the Africa.

It would seem, therefore, that investigation is needed to explore the nature and impact of IHRM transfer in Chinese MNCs from China to Africa. Considering the poverty of research in this field, the thesis examines the practices of IHRM transfer and leads to a research for
issues, factors, challenges and criteria which influence the efficiency of IHRM transfer from their headquarters and African subsidiaries in Chinese MNCs.

Among the practices of IHRM in Chinese MNCs in Africa, performance management is a focus considering its representative function and power as a proxy to explore the transfer of IHRM practices. There are several reasons for the choice. From a perspective of transfer, firstly, performance management in Chinese MNCs is stated by top executive teams to draw the best out of their staff and to operate at the optimal level, which plays a crucial role in achieving the organisational strategy as a whole (Sun, 2014). Specifically, through goal-setting, feedback and employee motivation, performance management links together the practices of IHRM such as recruitment, training, development, employee engagement, leadership and reward policies (Harzing & Pinnington, 2011). Setting goals in the process of performance management, for instance, MNCs are able to recruit and to select suitable employees for tasks considering specific contexts in their African subsidiaries. Similarly, the feedback through performance management can facilitate the development of staff training, reward systems and career plans for both Chinese expatriate employees and local employees in Africa. Furthermore, appropriate practices of performance management can also stimulate employee engagement and motivation to achieve targets (Zhang & Wen, 2013).

Secondly, from a perspective of influential factors in the process of transfer, performance management is affected directly or indirectly by several key factors in Chinese MNCs in Africa, such as culture, institution, organizational structure, targets of appraisal, performance standards and labour capability (Murphy & DeNisi, 2008). On one hand, with the development of globalization and the influence of original country, performance management in Chinese MNCs tends to be standardized and towards that of Chinese characteristics in their headquarters (Chen, 2014). On the other hand, as local workers are likely to exhibit different attitudes and behaviours in practice, contextual factors may influence performance management in Chinese MNCs in Africa (Chiang & Birtch, 2007). For example, to implement performance management in Africa, Chinese MNCs are influenced by local cultures, such as the tendency to work individually or collectively. So to explore the nature and impact of IHRM transfer in Chinese MNCs from China to Africa, attention is paid to performance management among IHRM practices as a proxy.
Figure 1-4 below demonstrates the transfer of IHRM practices, especially performance management, through Chinese MNCs from Western Europe and North America to their headquarters and African subsidiaries.

Figure 1-4: IHRM Transfer through Chinese MNCs from North America and Western Europe to Africa

Source: the author’s own work.
1.2 Research Aim, Objectives and Questions

From the Figure 1-4 in the last section, it is clear that a relatively gradual process of IHRM evolution in its original contexts has been displaced by a more rapid assimilation of these changes in western practice and their transfer to MNC contexts through MNC operation and activity in and outside China, for example, in Africa. In this context, Chinese MNCs appear to identify a need to formulate and apply effective practices of IHRM to ensure they are sensitive to both the specific local situations while being guided by the organisations’ standardized policies and related values. This is described by Andrews (2013) as the ‘fit’ between headquarters’ thinking and local contextual acceptances and practical possibilities. He labels headquarters’ practices which are not suitable for specific local contexts in subsidiaries as ‘square pegs in round holes’.

To ensure the achievements of their strategic goals and competitiveness, Chinese MNCs need to formulate and apply effective practices of IHRM. In detail, the different contexts of Chinese and African organisations underscore the need for MNCs to ensure their IHRM practices are sensitive to both the specific local situations while being guided by the organisations’ standardized policies. For those reasons, the aim of this thesis is to explore the nature and impact of selected IHRM practices in Chinese MNCs in their headquarters and African subsidiaries. The following research objectives and questions clarify the aim more specifically. Figure 1-5 shows the linkage of three research objectives and their relationship with the research questions.

1) To analyze the systems and practices of performance management in a Chinese telecommunication MNC, Huawei’s headquarters in Shenzhen, China and subsidiaries in Accra, Ghana with view to understand the rationale and consequences in transferability.

2) To explore the main issues and factors which influence IHRM policies and practices in MNCs, in particular in the transfer of performance management policies and practices from their Chinese headquarters to African subsidiaries.

3) To examine the challenges, impact of factors and effectiveness criteria of IHRM policies and practices in Chinese headquarters and African subsidiaries of Chinese MNCs and through a focus on the practices and systems of performance management to understand their connection with other major aspects of managing and developing staff.
Figure 1-5: The Linkage of Three Research Objectives and their Relationship with the Research Questions

**Source:** the author’s own work.

1) **What are the standardized systems and practices of performance management in a Chinese telecommunication MNC, Huawei?**

2) **What are the main issues and factors in the process of diffusion when the Chinese telecommunication MNC, Huawei, transfers its IHRM policies and practices from Chinese headquarters to African subsidiaries with reference to purpose and design of performance management?**

3) **How do the systems and practices of performance management in Huawei transfer from the headquarters in Shenzhen, China to subsidiaries in Accra, Ghana with its specific characteristics?**
4) What are the challenges and problems which influence the effectiveness of performance management systems and practices in Huawei’s headquarters in Shenzhen, China and subsidiaries in Accra, Ghana?

5) Why do the challenges and problems of performance management in Huawei influence its effective transfer from the headquarters in Shenzhen, China to subsidiaries in Accra, Ghana?

6) How can Huawei make its performance management more effective in Ghana?

7) How might Chinese MNCs develop criteria by which they can measure and improve the effectiveness of performance management in Africa?

To answer those questions, frameworks and models are developed and drawn from the literature and reviewed in their applicability to the situation. They focus on the analysis of IHRM policies and practices in Chinese MNCs in Africa and the influence of internal and external factors on the transfer of IHRM from Chinese headquarters to African subsidiaries. These frameworks and models influence the design of the research which aims to advance theoretical understanding on performance management, as a transferable discipline in a Chinese MNC in the telecommunication industry, which also drives other aspects of IHRM and produces findings relevant to practitioners.

1.3 The Structure of the Thesis

Based on the research aim and specific objectives, the thesis is divided into six chapters. The first chapter gives a brief introduction of the thesis with the establishment of the research territory. It points out the important role of IHRM in MNCs and underscores the research gap which focuses on the practices of IHRM in Chinese MNCs in Africa as against those in developed countries. Then it makes a brief overview of the research methodology.

In the second chapter, the literature review, firstly, the author discusses main concepts including globalisation, MNCs and IHRM. The effectiveness of IHRM is closely linked with the competitiveness and strategic goals of MNCs in the process of globalisation (Dicken, 2007). Then to explore the practices of IHRM in Chinese MNCs in Africa, three explanatory models are utilized to discuss them. The first model investigates main issues and influential factors of IHRM in MNCs in the globalisation context. It explores the impact of organisational structures, the role of intercultural communication and forward and reverse
diffusion on IHRM in MNCs (Bartlett & Ghoshal, 1989; Edwards & Ferner, 2004). To narrow down the research context, the second model focuses on the main issues and influential factors of IHRM in Chinese MNCs. Considering the importance of Confucian values in China, the theories of cultural dimensions and contexts are applied to explore what, why and how culture influences the practices of IHRM in Chinese MNCs (Hofstede, 2001; Hall, 1976; Cooke, 2012). Moreover, it analyzes the impact of institutional factors which include the role of state, law and regulation, trade union, educational institutions and Non-governmental Organisations (NGOs) or International Non-governmental Organisations (INGOs) (Cooke, 2012; Bebbington et al., 2008). Then Model Two is proposed as cultural and institutional factors are taken into account with Chinese characteristics. Next, a new template is developed and attaches importance to the main issues and influential factors of IHRM in Chinese MNCs in Africa. As an integrative framework, it connects internal and external factors with performance management of IHRM in Chinese MNCs in Africa. Specifically, those factors incorporate business strategies, organisational structures, forward and reverse diffusion, cultural and institutional arrangements and intercultural communication (Bartlett & Ghoshal, 1989; Edwards & Ferner, 2004; Hofstede, 2001; Hall, 1976; Cooke, 2012; Wild & Wild, 2013). In this way, performance management of IHRM in Chinese MNCs in Africa is interrogated with the consideration of factors in Template One in order to strike the balance between organisational standardisation and local adaptation.

Chapter Three focuses on the context and background of this research, in Huawei, a Chinese hi-technology Multinational Corporation called Huawei. It gives reasons why Huawei is chosen considering its rapid development of foreign sales, ownership and industrial sector and explores its core values, operational structures, the role and practices of human resource management (HRM) and a particular principle of management in the organisation promoted by its CEO, the Greyscale Management. Then, it discusses the impact of greyscale management on organisational change and development and human resource management, especially performance management. Finally, it gives introduction of the performance management in Huawei based on its technical cooperation consultancy with an American MNC, IBM, from 1998 until now. It considers how, learning from the experience of key characteristics, main steps and key points of the performance management system in IBM, Huawei has applied this to its own contexts giving its specific Chinese characteristics, as an adaptation of western system of performance management into Chinese contexts of practice. Template Two is developed as a summary of performance management system in Huawei.
In Chapter Four, the methodology of the research is discussed. Based on the research aim, objectives and questions, triangulation, which includes both qualitative and quantitative methods, is applied in this research. The nature of the research also indicates that a selective approach of case study is necessary to enable a full examination of the research aims in a single hi-tech Chinese Multinational Corporation, Huawei. As for the data analysis, template analysis is chosen due to its specific advantages, the flexibility and modification for a particular context (King, 2004). With the help of NVivo software, basic processes of template analysis applied in this research are also discussed. Finally, this chapter reviews the translation reliability of questionnaires and interview transcripts through peer-check and incorporates research ethics guidelines from the University of Manchester’s Ethics Committee.

Chapters Five and Six are the discussion parts. Chapter Five presents, interprets and discusses the results of research findings. Template analysis is applied as the methodology. Compared with previous research, it explores the practical implication of the thesis findings to develop criteria by which Chinese MNCs in Africa may evaluate and develop the effectiveness of performance management in Template Three and Template Four based on the case of Huawei. It also gives recommendation based on the findings on how Huawei can make its performance management more effective in Ghana. Those two sections focus on the outcomes of the case study considering the roles of intercultural communication, local labour capability, teamwork, standardized procedures and adaptable flexibility on the effectiveness of performance management systems and practices in Chinese MNCs in Africa with two new templates.

The final chapter makes a brief summary of the main findings and their practical implications. On the basis of research aim and specific objectives, it highlights the application of an integrative model in practices of IHRM in Chinese MNCs in Africa. Conclusion and new criteria are summarized in this part. Finally, it describes some limitation of this thesis and provides suggestions for future research of IHRM practices in Chinese MNCs in Africa.
CHAPTER TWO: THEORETICAL PERSPECTIVES ON MODELS OF IHRM IN MNCS---A CONCEPTUAL FRAMEWORK OF IHRM IN CHINESE MNCS IN AFRICA

2.1 Brief Introduction of Chapter Two

Chapter Two aims to base the theoretical foundation of the thesis on a comprehensive framework of International Human Resource Management in Chinese Multinational Corporations in Africa. Initially, it explores the role of IHRM in MNCs against the backdrop of globalization. Considering the statistics about GDP in world economy and development of transition markets, it explores how MNCs have begun to play an increasingly significant role. To ensure their competitiveness and effectiveness, it is argued that the importance of IHRM policies and practices cannot be ignored. Those policies and practices are discussed from the perspectives of organisational structures, intercultural communication and forward diffusion and reverse diffusion. The organisational structures of MNCs can be classified according to different levels, global, transnational, international and multi-domestic (Bartlett & Ghoshal, 1989). This is an important consideration closely related to the debate of standardisation and adaptation of IHRM policies and practices in MNCs. Furthermore, communication among people from different cultural backgrounds also requires managers to coordinate those differences in MNCs with cultural-sensitivity communication skills to achieve team targets and goals across the world (Schmidt et al., 2007). Another significant debate is about forward diffusion and reverse diffusion of IHRM. According to Edwards and Rees (2011), it refers to the diffusion of human resource practices across the international operation of an organisation. The forward diffusion is the extent to which the headquarters of MNCs influence the management in their overseas operations, while the reverse diffusion refers to the transfer of IHRM practices from foreign subsidiaries back to the home country (Edwards, 1998). Forward and reverse diffusion of IHRM in MNCs are both the processes and facilitators which explain how globalization operates in the contemporary world.

Then main issues of IHRM in MNCs are explored in specific contexts. It begins with the development of human resource management in China, particularly after the ‘Open Door’ policy in 1978 (State Council of the PRC, 2013). Linked with Hofstede’s cultural dimensions and Hall’s cultural contexts (Hofstede, 1993; Hall, 1996), Chinese Confucian culture is regarded as a set of specific characteristic which influences the IHRM policies and practices
in Chinese MNCs. In addition, specific institutional factors are discussed in the Chinese contexts. Referring to Cooke (2011, 2012), several principal factors are to be taken into account in the implementation of IHRM in Chinese MNCs. They are the state, law and regulations, the trade unions, public educational institutions, non-governmental organisations, private consultancy firms and outsourcing organisations.

Finally, the context narrows down to Chinese MNCs in Africa. Performance management is selected as a proxy among the IHRM policies and practices. The discussion is divided into four related processes, plan, act, monitor and review (Armstrong, 2006). Then emphasis is placed on key factors which influence performance management in MNCs. They are culture, institution, organisational structure, purpose of appraisal, performance standard, technology and reward systems (Harzing & Pinnington, 2011). Then the thesis explores the development, challenges and characteristics of IHRM in Chinese MNCs in Africa based on former academic research (Gu, 2009; Kamoche, 2011; Cooke, 2008). Specifically, performance management of Chinese MNCs in Africa is linked with culture, institution, business strategy and organisational structure. Furthermore, recognizing that to ensure their competitiveness in an unfamiliar environment, Chinese MNCs pay extra attention to Corporate Social Responsibility (CSR) when they formulate policies of performance management (Mamman et al., 2009), this dimension is considered. Finally, the relationship between performance management and recruitment & selection, training & development and reward management are discussed in the contexts of Chinese MNCs in Africa. Summing up, a comprehensive framework is established to explore the nature and impact of the practices of IHRM in Chinese MNCs in their headquarters and in African subsidiaries, with specific focus on factors that impact on performance management. The following sections of this chapter will explore this in more details.

2.2 The Development of Globalisation and International Human Resource Management in Multinational Corporations

In the past, states had great control over products, people and capital in their borders. While today transnational interdependence accelerates the transfer of goods, services, people, capital and technology globally and loosens state control over such resources (Wild & Wild, 2013). In this trend, there has emerged globalisation driven by many factors including technology, the mobility of people, goods and ideas as well as a liberal trading environment (McKenna,
According to Dickens (2007, pp. 6-8), globalization refers to

*The convergence of the material production, distribution and consumption of goods, service and finance in a more interdependent world economy.*

In other words, globalisation is regarded as a catalyst to integrate differences, collect strengths and put together joint efforts in a win-win process (Granell, 2000). Specifically, the process of globalisation can be divided into three phases (Perkins, 2003). In the first phase of the 1970s, the world market was in the development of currencies with the Bretton Woods system which controlled the international trade, or the 'market control' so the fiscal pressure was the main challenge of many states. The second phase was in the 1980s. During that time, international bond market increased in state debt and external factors began to exert influence as states were eager to maintain the access to their debt at a preferred rate. The final phase was in the 1990s. With the development in technology and telecommunication, capital could be more easily accumulated and national governments were required to compete with privatised corporations so that more investment funds were available.

In recent years, with the compression of distance, cultural, social and political barriers between nations has been reduced as the transfer of technologies, products, ideas and management practices accelerates in an ever-increasing speed (Wilton, 2011). In this way, higher profits are able to be achieved by the investment to foreign markets, by production of scales and by exploiting the location economies (Hill & Jones, 2010). From this point of view, the process of globalisation is accelerated by fewer barriers in the international market. In addition, the change in technology and rational knowledge also contributes to the growth of globalisation (Hill, 2011). Against this backdrop, many global institutions have emerged, such as the General Agreement on Tariffs and Trade (GATT) and its successor, the World Trade Organisation (WTO), the International Monetary Fund, the World Bank and the United Nations. The latest one is the G20 which is established in 1999. With a coordinated policy response to the global economy, those institutions have ushered a new era of the world development. In addition, the developments in capitalism have also exerted great influence on globalisation. With the accumulation of capitalism, firms begin to seek new products, services and markets. Through global operation, they are capable of achieving economies of scales and mass production (Needle, 2004).
Furthermore, globalization has also made some changes to the world as it has exerted great influence on the demographics of the global economy. In details, with the free flow of goods, services and capital, the world output, world trade picture and the foreign direct investment (FDI) have been modified (Hill, 2011). Table 2-1 clearly demonstrates the demographic changes of the world economy with the process of globalisation. Over the past 40 years, the U.S. dominance has declined with the share of world output decreasing from more than 40% in the 1960s to 9.3% of world exports in 2008. At the same time, many newly industrialized countries such as China have experienced rapid development. Figure 2-1 shows that against the backdrop of globalisation, developing and transition markets play an increasingly significant role in the outflow and inflow of FDI with a comparison of statistics trend among countries in the world, OECD, G20 and EU. It is obvious that with the contribution of developing countries, especially countries outside OECD or EU, the inflow and outflow of FDI has made great increase, especially taking into account the members in the G20. In addition, Figure 2-2 reflects the change of FDI in China from 1982 to 2015. From this figure, it is clear that China has made a tremendous change in its FDI growth from less than 1 billion US$ in 1982 to nearly 60 billion US$ in 2015. And in 2007 and 2010, the highest amount of China’s FDI reached over 120 billion US$.

Table 2-1: World GDP and Trade Share (percentage) from 1963 to 2008

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>United States</td>
<td>40.3%</td>
<td>20.7%</td>
<td>9.3%</td>
</tr>
<tr>
<td>Germany</td>
<td>9.7</td>
<td>4.2</td>
<td>8.7</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>6.5</td>
<td>3.2</td>
<td>3.9</td>
</tr>
<tr>
<td>France</td>
<td>6.3</td>
<td>3.1</td>
<td>3.8</td>
</tr>
<tr>
<td>Italy</td>
<td>3.4</td>
<td>2.6</td>
<td>3.4</td>
</tr>
<tr>
<td>Japan</td>
<td>5.5</td>
<td>6.4</td>
<td>4.5</td>
</tr>
<tr>
<td>China</td>
<td>NA</td>
<td>11.4</td>
<td>8.4</td>
</tr>
</tbody>
</table>

Source: IMF, World Economic Outlook, April 2009.
Figure 2-1: FDI Flows from Quarter One, 2013 to Quarter Two, 2015 (US$ billions)

**Source:** OECD International Direct Investment Statistics and IMF, October 2015.

Figure 2-2: China’s Foreign Direct Investment from 1982 to 2015 (US$ billions)

**Source:** IMF, International Financial Statistics. Derived from lines 78b and 78b0d in the IFS. 2011-2015 forecasts by the Economist Intelligence Unit.
Thanks to Table 2-1, Figure 2-1 and Figure 2-2, it is clear that there are several advantages of globalization. Firstly, it facilitates the integration of global markets at both the regional and international level. Secondly, it stimulates the emergence of the new markets such as India and China. As in Figure 2-2, it demonstrates the increase of FDI in China in the past decade against the background of globalization. Moreover, it improves the transfer of foreign direct investment (FDI), cross-border production and services through multinational corporations (MNCs). In other words, the global business investment has been reshuffled from domestic to foreign corporations, mainly through cross-border acquisitions and mergers (Cooke, 2005). So advocates hold that considering the benefits of globalisation, all countries in the world can be well-off in that process with higher living standards and the reduction of poverty. Furthermore, in the globalisation era, old national institutions and management criteria may be replaced by the emergence of new transnational institutions and processes (Bratton & Gold, 2012).

With regard to the potential interpretations of the practical consequences of globalisation, proponents insist that pressures of globalisation have been embedded in a convergence process in the operation of multinational corporations, regardless of their country-of-origin (Reich, 1989). However, others argue that differences among nations continue to be the influential factors in the world economy (Hirst & Thompson, 1992; Tussellmann et al., 2000). Thus, significant debate has posed questions on the extent to which globalisation has truly reduced the national borders in the operation of MNCs. With the interdependence of the economic and political policy, patterns of business strategies and management activities, very few countries are free to make decisions instead of referring to the global contexts (Kidger & Allen, 2006). However, the cultural and institutional differences between countries are still conspicuous, especially for MNCs which operate across various national business systems. Since social structures and characteristics are deeply embedded and difficult to make a rapid change, it is necessary for MNCs to take into account constraints in the transfer of their management practices and policies from one nation to another. Thus, the study of related issues in international human resource management in MNCs has become increasingly important in the academic area (Taylor et al., 1996, Schuler et al., 1993, Edwards & Rees, 2011, Ferner et al., 2011, Cooke, 2012).
According to Sundaram and Black (1992, pp. 729-737), MNCs are defined as:

*The corporations which implement transactions in or among several sovereign entities and the transactions tend to be influenced by factors different from the home country of the corporations.*

From this point of view, it is obvious that the management of MNCs differs from the domestic ones. As a result, since MNCs operate across a wide variety of countries, it entails the consideration of different factors, such as the cultural, social, legal, economic, political and historical characteristics in their operation (Morgan, 1986). With the rapid development of the global market, MNCs manage globally as if the world were one overall market, while at the same time, they need to operate locally, as if the world were a great number of loosely related markets (Merchant, 2000). So in order to maintain their competitiveness in the world market, MNCs are organisations which operate globally and locally at the same time. Just as Ferner *et al.*, (2006) held that MNCs are not merely the micro-level product of competing within limitation of the national business system (NBS), however, they are powerful organisations which operate across institutional borders with their own organisational logic, structure and strategy. In this way, MNCs are able to adopt a strategic international human resource management effectively and efficiently (De Cieri *et al.*, 2007).

In emerging market economies such as Brazil, India, South Africa and China, MNCs are regarded as the influential corporate players to accelerate their development (Alden & Davies, 2006). Among the emerging countries, China has attracted most attention as the ‘world factory’ (Andersson & Wang, 2011, pp. 23). Specifically, China is characterized by rapid economic growth, surplus of current account and domestic saving (Deng, 2004). With those advantages, Chinese MNCs are having a dramatic effect on the world economy (Dicken, 2009). On one hand, Chinese MNCs operate globally and locally as other MNCs. So it is necessary to take into account factors, such as culture, society, legal system, economy, policy and history which influence the operation of MNC from a general perspective (Morgan, 1986). On the other hand, as China has experienced a specific internal reform with its own characteristics starting in the late 1970s, Chinese MNCs, especially the state-owned enterprises (SOEs) can be distinguished from other MNCs. For instance, their focus on hierarchy and thrift may exert influence on the operational structures and budget plan of organisations (Cooke, 2012). Section 2.4 will explore this dimension in further detail.
Thus, against the backdrop of globalisation and the transnational operation of MNCs, both academics and practitioners have paid considerable attention to international human resource management in MNCs (Bratton & Jeff, 2012). Unlike domestic human resource management, international human resource management is applied to explicitly connect human resource management with the strategy and competitiveness of MNCs. The relationship between IHRM and MNCs in the globalisation context will be discussed in the next section.

2.3 The Definition of IHRM and the Significance of its Role in the Operation of MNCs

With the increasingly importance of MNCs and their overseas subsidiaries in the global market, both academic and practitioner professionals have shown great interest in the IHRM in MNCs (Taylor et al., 1996, Schuler et al., 1993, Edwards & Rees, 2011, Ferber et al., 2011, Cooke, 2012). As for the definition of IHRM, Schuler et al. (1993, pp. 419-421) define IHRM as:

\[
\text{[...]with the consideration of human resource management issues, functions and practices, the strategies of MNCs [...] take into account the international concerns and the integrative goals of the enterprises.}
\]

According to Taylor et al. (1996, pp. 595-561), IHRM is defined as:

\[
\text{[...]policies and practices entailing the attraction, development and maintaining of human resources with the distinction of activities, functions and processes in MNCs. In other words, it refers to a diversity of human resource management systems in MNCs, both at home and abroad.}
\]

With regard to the former research, IHRM academics are divided into two groups (Metcalfe & Rees, 2005). One studies the processes of IHRM in organisations or MNCs which operate globally. The other focuses on the broader social and cultural factors of HRM (Beardwell & Holden, 2001). As for the former group, they are likely to attach great importance to the role of international manager and expatriate management, such as recruitment and training in the global context (Scullion & Brewster, 2001). The latter group, however, takes into account the influence of various factors in a cross-national context, such as the issues of culture (Edwards
& Kuruvilla, 2005). In a word, according to Boxall (1999), academic research on IHRM is relating to the human resource concepts and practices in the global context with different factors and processes.

In recent years, however, researchers have also explored the theoretical and practical linkage between IHRM and its strategies in the domestic and international contexts in order to be competitive participants of the globalization (Butler et al., 1991; Wright & McMahan, 1992; Schuler et al., 1993). And more research has been relating to the specific national contexts of IHRM in MNCs (Cooke, 2012; Chung et al., 2012; Jain et al., 2012; Brewster & Bennett, 2010). In details, considering the former research on IHRM, it mainly incorporates the following domains in Table 2-2.

Table 2-2: Main Domains of IHRM in the Academic Research

<table>
<thead>
<tr>
<th>The main domains of IHRM in the academic research</th>
<th>Characteristics of the domains of IHRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global business environment and IHRM</td>
<td>Threats and opportunities of global market, institutional environments and international risk management of IHRM</td>
</tr>
<tr>
<td>Organisational internationalization and IHRM</td>
<td>Description and consequences of internationalization and its relationship with IHRM, such as cross-border mergers and acquisitions and joint ventures</td>
</tr>
<tr>
<td>Business strategy, entry mode decision and IHRM</td>
<td>Predictors of business strategy and entry mode choices and its relationship with IHRM</td>
</tr>
<tr>
<td>Foreign direct investment (FDI) and IHRM</td>
<td>Cost-effective of the operation and its relationship with IHRM</td>
</tr>
<tr>
<td>Knowledge management and IHRM</td>
<td>Antecedents, processes and consequences of knowledge transfer, innovation and the application of ICT and its relationship with IHRM</td>
</tr>
<tr>
<td>Culture and its influence on IHRM</td>
<td>The influence of national and organisational culture on the policies and practices of IHRM</td>
</tr>
<tr>
<td>System, societal and dominance (SSD) effects and IHRM</td>
<td>The impact of system, societal and dominance effects and its variable factors on IHRM</td>
</tr>
<tr>
<td>-----------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Subsidiary-headquarter relations and IHRM</td>
<td>The role of subsidiary-HQ relations with IHRM and the organisational performance and competitiveness</td>
</tr>
<tr>
<td>Multinational corporations (MNCs) and IHRM</td>
<td>The strategies, policies and models of MNCs and its relationship with IHRM</td>
</tr>
<tr>
<td>Expatriate management and IHRM</td>
<td>Expatriate management, issues of expatriates, expatriate and repatriate reactions</td>
</tr>
<tr>
<td>Employment relations and IHRM</td>
<td>The diversity of IHRM policies and practices to reconcile the different interests and expectations of various organisational stakeholders.</td>
</tr>
<tr>
<td>Corporate social responsibility (CSR) and IHRM</td>
<td>Identify every aspect of the society where organisations operate and its relationship with IHRM</td>
</tr>
<tr>
<td>Leadership and IHRM</td>
<td>The multinational team management and key characteristics of the leaders who implement the across-border management</td>
</tr>
</tbody>
</table>

**Source:** Author’s own work based on Ferner and Varul (2000)

From table 2-2, it can be recognized that with current development of the international business and global economy, IHRM has been relating to many factors such as culture, FDI, knowledge management, leadership and CSR. As Scullion (2001) has pointed out that considering the impact of business internationalization, IHRM issues, strategies and practices in MNCs are in line with their internationalization process of the organisations. Furthermore, Peltonen (2006) recognized that in the process of IHRM, a bundle of human resource practices is designed and adjusted in the cross-cultural contexts. Thus, in the modern arena, Dickmann *et al.* (2008, pp.14-16) define IHRM as:

* [...] the activities of MNCs to pursue their competing demands. In this way, organisations are able to achieve the goals of international coherence and cost-effective methods to manage the staff member in all the countries they operate. And at the same time, it can also be adaptable to the differences from one area to another. *
From the contemporary definition of IHRM, it is clear that the modern approach to managing people is different from the traditional personnel management as it forces on the organisation performance and employee commitment to the organisation at the same time (Wilton, 2013). In other words, it attaches importance to both the enhancement of organisation performance and the improvement of staff from a perspective of mutual gains (Storey, 2007).

Furthermore, attention has also been paid to the internal and external influential factors of IHRM, such as local contexts, cultural influence, the global coordination between headquarters and foreign subsidiaries (Scullion & Linehan, 2005). In details, there are several themes closely relating to IHRM including globalisation versus embeddedness, cultures versus institutions, choices versus constraints, integration versus differentiation and standardisation versus adaptation (Edwards & Rees, 2011).

In other words, the competitiveness and performance of MNCs in the global market is closely linked with the effectiveness and efficiency of their IHRM. Figure 2-3 demonstrates the relationship between IHRM and decision-making process in MNCs.

Figure 2-3: The Relationship between IHRM and Decision-making Process in MNCs

Source: Author's construct based on Edwards and Rees (2011)
In Figure 2-3, it is obvious that the management of human resources in MNCs is crucial for the implementation of their international strategy, especially the management of the expatriates (Sparrow, 2009). In details, as MNCs usually operate in a more complicated contexts than domestic companies, it is required more complex balance and coordination of IHRM to accommodate the need for greater diversity, more influential factors, higher risk of operation and more consideration on employees' daily lives (Dowling et al., 1998).

Moreover, the strategic goals of IHRM are also closely linked with the performance of MNCs. They are local responsiveness, efficiency and integration, respectively. In fact, for all the MNCs, priority is given to their global competitiveness in order to survive in the global market, so it is crucial to achieve those three goals of IHRM in the process of their operation. First of all, as the implementation of human resource practices in MNCs is realized with the consideration of the local characteristics such as the culture, the concerns of MNCs need to be locally responsive (Bartlett & Ghoshal, 1987). Secondly, in order to ensure the effective delivery of products and services across the world, it is necessary for MNCs to apply the most appropriate methods and processes. Thus, they give preference to the efficiency (Schuler et al., 1993). Finally, in order to pursue the total quality management which is closely relating to the improvement of the global competitiveness, MNCs are aware that an integral and systematic approach is significant to develop their human resource policies and practices (Ghoshal, 1987). The last significant goal of MNCs indicates the HR practices are not independent from each other, but integrated vertically and horizontally to attract, develop and maintain the organisation's integration (Huff & Reger, 1987). Generally speaking, the purpose of IHRM in MNCs is to ensure the balance between headquarter and subsidiaries (De Cieri et al., 2007).

To further explore IHRM in MNCs, Taylor et al. (1996) have proposed the IHRM orientations which refer to the general policies at the top management level to design their IHRM systems in MNCs. In details, the IHRM strategies in MNCs are divided into three orientations which are adaptive, exportive and integrative, respectively.

First of all, in the adaptive orientation of IHRM, the headquarters of MNCs tend to design the HRM systems that are more flexible to the local environment (Taylor et al., 1996). Through the recruitment of more local HR practitioners, especially in the top management positions (Adler, 1991; Tung, 1988), emphasis is given to the local differentiation instead of organisational integration.
Secondly, in the exportive orientation of IHRM in MNCs, the HRM policies and practices in subsidiaries are the replication of that in the parent country (Taylor et al., 1996). In this way, priority is given to the organisational integration instead of local differentiation.

The final orientation is the integrative one which focuses on the ‘best’ practices of HRM in order to establish a global system (Bartlett & Ghoshal, 1989). In this orientation, the characteristics of HRM system in the origin nation are linked with those of the foreign subsidiaries. So the transfer of IHRM policies and practices in the MNCs can be implemented in any direction: from headquarters to subsidiaries and vice versa (Taylor et al., 1996).

However, the model does not pay enough attention to the internal and external factors of IHRM in MNCs, such as the organisational structures, cultural and institutional influence, although it is useful to recognize the combination between IHRM strategies and organisational operation in the global context. Just as Edwards et al. (1993) have pointed out that the IHRM practices in MNCs are more or less limited by the structures of organisational hierarchy, their business strategy and market environment etc. In a word, as IHRM focuses on the managerial policies and practices across national borders, many other factors impose influence on the successful performance and operation of MNCs. To further explore them, several theoretical reviews are discussed in the next sector.

### 2.4 International Human Resource Management (IHRM) in MNCs

#### 2.4.1 The organisational structures of MNCs to manage their international human resource in the global context

With the development of globalisation and international business, the emergence of MNCs has been a logical process of the world economy. More specifically, the international market is divided into three parts. It implements the transfer of commodity capital through trade and exchanges the money capital through investment. As for the productive capital, it is transferred through MNCs (Dicken, 2007). Considering the significant role in the global economy, MNCs also face huge pressures in the world competitive arena, so it forces them to give priority to their strategic approaches of IHRM in the operation (Ghoshal & Bartlett, 1998).

According to Hamel and Prahalad (1994), the core competencies of an organisation include
the employee knowledge and skills, physical technical systems, managerial systems and the organisational values and norms. From this point of view, MNCs cope with three key forces in the process of IHRM in order to pursue their core competencies. Firstly, as MNCs operate in cross-border contexts with various cultures, values, attitudes and regulations, they are forced to be responsive to the local environment in the process of IHRM. Secondly, with regard to the production of scale in MNCs, pressure on international strategies entails the global integration of IHRM in MNCs. Finally, as the physical technical systems impose pressure on the world-wide innovation, MNCs are forced to connect their global operations with the strategies of IHRM across subsidiaries.

So in order to ensure high performance and competitiveness in the global market, MNCs are forced to strike the balance between organisational efficiency and subsidiary responsiveness. In this process, there are four organisational structures which can be applied in MNCs, including the multi-domestic structure, global structure, international structure and transnational structure (Schuler et al., 1993).

The first structure is the multi-domestic one which is popular from 1920 to 1950 (Ghoshal & Bartlett, 1998). In this structure, the operation of MNCs is differed by geographical locations which are substantially decentralized. In other words, several subsidiaries serve single domestic markets respectively or a few large regional subsidiaries serve many markets respectively (Roth et al., 1991). Thus, in the process of IHRM, MNCs need focus on the local responsiveness and recruit more local nationals in the subsidiaries as the operation is relatively decentralized and self-sufficient (Dowling & Schuler, 1990).

With the development of international operations especially of the modern transport and communication technology, the global structure emerged from the 1950 to 1980 (Bartlett & Ghoshal, 1998). In this structure, organisations tend to product in a standardized way with highly cost-efficiency so as to achieve efficiency through global integration. In other words, the global structure is more likely to be coordinated by directives from the center. In this way, the operation costs are likely to decline over a larger area and it is possible to facilitate the economies of scale (Schuler et al., 1993).

Since the pressure of knowledge transfer and innovation becomes higher across the world, the international structure appears from 1950s to 1980s. Compared with the global structure, it is
less centralized as the local subsidiaries are able to operate consistent with the nature of the products or services to the national market and it is also more centralized than the multi-domestic structure (Bartlett & Ghoshal, 1998). In other words, managers in the international structure are less likely to be forced to implement the policy. However, the subsidiary-HQ relation is closer in order to improve the diffusion of expertise and knowledge from the center (Edwards & Rees, 2011).

In the past two decades, MNCs have to cope with new challenges in order to maintain their competitiveness with the development of globalisation and the world economy so the transnational structure emerges (Bartlett & Ghoshal, 1998). In this structure, MNCs tend to rationalize their resources from economies of scale and selection of location, while at the same time; they are responsive to the subsidiary needs. In other words, managerial strategies and knowledge are able to diffuse to and from each subsidiary as part of the process which incorporates both the integrative learning of the organisation and every member of the company (Bratton & Gold, 2012). In a word, the transnational structure enables firms to obtain the goals of the global competitiveness, flexibility; local responsiveness and organisational integration so that they are able to take into account both the local context and global needs in the process of IHRM. Figure 2-4 clearly demonstrates the characteristics of four structures and the relationship between standardisation and adaptation in MNCs.

Figure 2-4: Organisational Structures in MNCs

Source: Author’s construct based on Bartlett and Ghoshal (1989)
However, the division of the four structures is quite an ideal type as MNCs always attempt to pursue high performance and competitiveness in practice. In other words, few of MNCs truly operate in a transnational structure (Bratton & Gold, 2012). In fact, MNCs are more likely to operate under the conflicting pressure between global standardisation and local adaptation in the process of IHRM. So to ensure efficiency and effectiveness in this process, intercultural communication in organisations plays a crucial role to manage the diversified Staff member in global operation, which will be discussed in the next section.

2.4.2 The role of intercultural communication in MNCs to manage their international human resource in the global context

According to Sarbaugh (1988), communication refers to the application of signs and symbols to exchange meaning consciously or unconsciously. The key process of communication is the transmission of information and the exchange of meaning among people (Huczynski & Buchanan, 2013). In other words, culture is an inseparable aspect to explore communication since different groups differ from each other in this process (Haslett, 1989). Furthermore, communication behaviours are also closed embedded into culture, such as messages, codes, verbal and non-verbal communication (Guirdham, 2011).

Huczynski and Buchanan (2013) point out that the meaning of verbal is ‘in words’, either spoken or written. Verbal communication is more effective for transmitting information and intentions than for exchanging meanings and feelings. To communicate verbally, a spoken or written language is required and a consideration of cultural difference is regarded as a key element in the discipline of socio-linguistics (Guirdham, 2011). A shared system of verbal behaviour enables people to develop a feeling of belongings and a sense of inclusivity among insiders in a group (Trudgill, 1983). Non-verbal communication refers to the process of coding meaning through facial expressions, gestures or body languages (Huczynski & Buchanan, 2013). It is a major contributor to communication alongside verbal messages and sometimes can transmit information in a more accurate way than words (Gallois & Callan, 1986). It can also reinforce and improve the sense of identity among members in a group. Table 2-3 below offers examples of non-verbal communication behaviours in different cultural contexts.
Table 2-3: Non-verbal Communication Behaviours in Different Cultural Contexts

<table>
<thead>
<tr>
<th>Non-verbal communication behaviours</th>
<th>Cultural contexts</th>
</tr>
</thead>
</table>
| **Forming a circle with thumb and forefinger** | In American, ‘OK’;  
In France, ‘zero’ or worthless;  
In Japan, money;  
In Germany, calling someone a very bad name;  
In China, number three. |
| **Touching another person**          | In China, Southeast Asia, Japan, Australia, England, Germany, Norway, America, India and Pakistan: not polite and proscribed;  
In Iraq, Kuwait, Saudi Arabia, Cuba, Ecuador, Mexico, Peru, France, Italy and Turkey: showing kindness and less inhibition. |
| **Shaking hands**                    | In India, palms pressed together and fingers pointing upwards;  
In China, accompanied by a slight bow;  
In Russia, firm with eye contact;  
In France, rather gentle. |

Source: Author’s construct based on Guirdham (2011, pp.98-99)

Specifically, a message involves the process of encoding and decoding meanings. They are encoded by senders into sounds or symbols and then decoded to recreate meanings by receivers. Gibson and Manuel (2003) have developed a five-stage communication model considering the impact of culture on its exchange. It divides the processes of communication into five stages: encoding messages, transmitting messages, acquiring messages, interpreting messages and responding to messages. According to Gibson and Manuel (2003), cultural differences are more obvious in the first two steps of communication while they are reconciled through compromise in the last three steps. Encoding refers to the way the transmitter expresses a message for transmission to the receiver (Huczynski & Buchanan, 2013). In this stage, communicators are able to choose either an implicit or explicit style to
convey the messages. Guirdham (2011) points out that people from collectivist cultures tend to apply a more implicit style than the ones from individualist cultures in the process of encoding messages. Then when transmitting the messages in the second stage, people from a high power distance background are more likely to choose formal channels, while those from low power distance culture prefer the informal channels. Furthermore, the attitudes on hierarchy in the communicators’ culture also influence their application of formal or informal channel (Gibson & Manuel, 2003). However, in the process of acquiring, interpreting and responding to the messages, reconciling differences of culture plays a key role to ensure the efficiency and effectiveness of communication. Figure 2-5 below demonstrates this model considering the impact of culture on different stages.

Figure 2-5: Communication Process in Five Stages with the Impact of Culture

![Communication Process in Five Stages with the Impact of Culture](source)

Next, codes include elaborated and restricted ones. Restricted codes are less explicate less fully than elaborated ones, so it is more likely to be used among people from same groups (Guirdham, 2011). In other words, the degree to which a speaker shares knowledge or assumptions with listeners differs between elaborated and restricted codes. For instance, people from a closed or local society may find it difficult to transmit in elaborated codes when they meet outsiders as they communicate with restricted codes inside the community.
According to Hall (1976), culture contexts can be divided into high and low levels and the key distinction between the two types of culture contexts is the amount of information expressed in communication. This is a parallel model to the distinction between restricted and elaborated codes. Restricted codes are more effective in a context with shared assumptions, social experience and expectations, while elaborated codes are more used in open and cosmopolitan societies (Guirdham, 2011). Furthermore, non-verbal communication is more useful when applied to restricted codes than elaborated ones. The following parts will introduce more about verbal and non-verbal communication.

From the above discussion, it is obvious that culture dimensions and communication interface with each other and are key considerations in intercultural communication. Schmidt et al. (2007) defined this as communication among people from different cultural backgrounds with varying types of awareness and limitation of shared meanings in a symbolic, interpretive and contextual process. Culture here can be categorized in social style, worldview, customs, traditions, status, norms, rules or expectations. In the globalization arena, successful business managers are able to accommodate those differences and demonstrate cultural sensitivity with intercultural coping skills. However, practical experiences show that poor intercultural communication can lead to misunderstanding or even conflict, especially for people who do not take cultural differences fully into account when they manage an international group. Trompenaars (1993) found that, when due to lacking the awareness of cultural differences, people tend to measure others against their own cultural background, which may result in arrogance, isolation, ‘cultural imperialism’ and ‘an uncritical dependence on one way of thinking’. Those issues are regarded as ‘miscommunication’ (Guirdham, 2011), referring to all the ineffective cases of communication which include:

- Intended communication, but none occurs
- No sense of messages from the receivers
- The receivers do not understand the meaning of the messages which the speakers transmit
- The receivers do not understand the intention of the speakers, such as asking a question, make a request or a promise)
- The information believed by the speakers is not believed by the receivers
- The failure of persuasion and power execution
- A communication is understood but causing unintended conflict
To avoid those cases, it is vital to identify reasons why ‘miscommunication’ is caused. In other words, it is necessary to explore the barriers to intercultural communication to ensure the effectiveness of communication. According to Guirdham (2011), those barriers include universal barriers, prejudice and discrimination, different communication practices, cultural communication barriers, behavioral barriers, work-specific barriers and organisational cultures and climates. Among all those factors, work-specific barriers and organisational culture and climates are the most crucial ones which lead to ‘miscommunication’ in organisations, especially for transnational negotiations and overseas operation in multinational corporations (MNCs). For instance, Moore & Rees (2008) have pointed out that in a UK subsidiary of a German MNC, managers regard the problems caused by local ethnic diversity as inter-management conflicts, which has resulted in the decrease of employee morale and negative impact on the localization strategies in the organisation. Table 2-4 below lists those barriers with examples in practical contexts in MNCs relating to research objectives.

Table 2-4: Lists of Barriers to Intercultural Communication with Examples in Practical Contexts in MNCs

<table>
<thead>
<tr>
<th>Name of the Barrier</th>
<th>Features of the Barrier</th>
<th>Examples in contextual practices in MNCs</th>
</tr>
</thead>
</table>
| 1. Prejudice and discrimination | • Ethnic prejudice and prejudice against other subgroups  
• Discrimination against ethnic minorities, people with disabilities and homosexuals; discrimination based on age or religion  
• Harassment and workplace bullying  
• The changing legal framework: such as the human rights legislation | • How to establish mechanism or regulation to ensure the fairness and equality in MNCs from headquarters to international subsidiaries? |
| 2. Different communication practices | • Problems in encoding and decoding messages  
• Language ambiguity and inferences  
• The topic-comment structure of a communication: topic-comment order varies between cultures | • How to standardize the working language in both headquarters and subsidiaries across the world in MNCs to avoid biased language, words or titles? |
### 3. Behavioural barriers

- Social knowledge and culture relevance
- Face issues and politeness
- High-context communication and low-context communication
- Communication traits and styles: such as argumentativeness

- Values: such as universalism & particularism
- Motives
- Emotions
- Beliefs, assumptions, expectations, intentions and self-construal
- Social perception and thinking, such as rigidity and narrowness in categorization

- How to improve the understanding of different culture in MNCs, such as individualism and collectivism?
- How to develop the concerns about others’ dignity, rights, values or etc.?

### 4. Work-specific barriers

- Heterogeneity of work groups: such as the difference in superior-subordinate dyads referring to age, education, race or sex
- Task-related conflict: such as poor work relations in intercultural situations

- How to ensure the fairness and equality of bonus and share income distribution in MNCs considering the influence of seniority or rank levels?

### 5. Organisational culture and climates

- Consciousness of the disadvantages of diversity, such as difficulties in reaching agreement
- Lack of standardizing procedures
- Hard working overtime
- Live a plain way (diligent and thrifty)

- How to improve the standardisation of procedures in MNCs?
- How to advocate a different culture among foreign employees through communication and discussion in overseas subsidiaries?

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*Source: Author’s own work based on Guirdham (2011, pp.181-273).*

So with the awareness of those barriers and solutions in intercultural communication, management practitioners in MNCs can draw lessons from them to manage their diversified human resources in the global context. Furthermore, in order to achieve this goal, the process
of human resource transfer from headquarters to subsidiaries in multinational corporations is also deserves considerations to explore. The next section will discuss it in more detail.

2.4.3 The forward diffusion and reverse diffusion of IHRM in MNCs

From the above discussion in Section 2.4.1 and Section 2.4.2, it is clear that key elements of IHRM in MNCs are organisational structures and intercultural communication, which are closed linked with the way in which human resource policies and practices are diffused in their international operation. With regard to the diffusion of IHRM in MNCs, there are two aspects, forward diffusion and reverse diffusion, respectively. Forward diffusion refers to the extent to which the headquarters of MNCs impact on the management in their overseas operations. It places emphasis on the transfer of best practices of IHRM from the home country to overseas subsidiaries (Belanger et al., 1999; Fernet & Varul, 1999; Hamill, 1984).

According to Edwards (1998), reverse diffusion means the transfer of the IHRM practices from foreign subsidiaries to operations in the home country. This form of diffusion is more likely to be linked with MNCs from the emerging markets (Edwards & Ferner, 2004). With the proper forward and reverse diffusion of IHRM in MNCs, the comparative advantages of different countries can be captured and transferred to other national business systems (Zhang & Edwards, 2007). Furthermore, this approach also establishes a dynamic system which facilitates the cross-national diffusion in MNCs and tends to result in significant changes in the nature of IHRM in the organisations (Edwards & Rees, 2011).

On the one hand, against the backdrop of globalization in the world market, MNCs are regarded as the main vehicles to disseminate internationally best management practices (Bartlett & Ghoshal, 1998; Martin & Beaumont, 1998). As far as the IHRM is concerned, the diffusion involves transfers of practices from the MNCs’ country of origin to its foreign subsidiaries more frequently. Furthermore, there are several mechanisms in the process of IHRM to advocate the forward diffusion (Ferner & Varul, 1999). Firstly, MNCs may apply central audit system to examine the management practices, processes and structures in foreign subsidiaries and then headquarters may make recommendations and set up timetable for the implementation of the policies (Ferner & Varul, 1999). In this way, the forward diffusion of HR policies and practices in MNCs can be transferred effectively. Secondly, MNCs carry out the cross-national flow of employees. With the managerial mobility, the cross-national corporate integration can be improved in the process of IHRM. Finally, MNCs also apply less
formalized mechanisms such as the international HR committees. According to Ferner and Varul (1996), international HR committees can organize HR managers from headquarters to different subsidiaries so that the diffusion of policies and practices can be coordinated and balanced from the centre to the branches.

On the other hand, although MNCs from more developed countries with comparative advantages tend to diffuse their managerial experience from home to foreign subsidiaries, those MNCs from countries with less comparative advantages may also implement 'best practice' to enhance their competitiveness in the global market (Zhang, 2003). From this point of view, reverse diffusion is more likely to be linked with MNCs from emerging markets (Edwards & Ferner, 2004). Actually, the reverse diffusion is usually found in those kinds of MNCs. One gives full scope to the role of diffusion across the organisation with greater integration; while the other tries to absorb advanced practices so that its competitiveness can be improved (Edwards & Ferner, 2004). There are several characteristics of the reverse diffusion in MNCs. Firstly, subsidiaries can learn the experience from the host contexts and transfer it back to the home headquarter. In this way, the practices of the subsidiaries are regarded as a kind of innovation for the whole organisation (Zhang, 2001). Furthermore, with the reverse diffusion, MNCs are more likely to go beyond the limitation of the organisations and become adaptable to the national business system in the home country so that a mechanism for wider economic development can be established (Edwards & Ferner, 2004). Finally, the reverse diffusion tends to carry out when there are larger subsidiaries which are more closely embedded in the global business. In addition, the maturity of subsidiaries also influences the reverse diffusion. Specifically, branches with longer and more extensive experience in IHRM are more likely to be involved in this process especially in the areas of international recruitment programs, international management development and expatriates management (Ferner & Varul, 1999).

Moreover, the processes of forward and reverse diffusion are also influenced by the organisational structures. More specifically, as the multi-domestic structure place less emphasis on the international integration, the transfer of their human resource policies and practices is not facilitated within the organisation. In contrast, the global and international structures advocate cross-border management so that the diffusion of IHRM policies and practices is improved (Edwards, et al., 1999). With regard to the transnational structure, on the one hand, since MNCs with this structure tend to operate as if the world were a single
markets (Bartlett & Ghoshal, 1998), decisions are made by the headquarters and transferred to subsidiaries across the world so that their fragmented workforce and organisational objectives can be coordinated (Evans et al., 2011). In other words, the forward diffusion and reverse diffusion of IHRM in MNCs is connected to the standardisation of the transnational structure. On the other hand, due to the specific local contexts of different subsidiaries, the forward diffusion and reverse diffusion also meet the needs of the local adaptation (Lunnan & Traavik, 2009). From this point of view, MNCs focus on single practices instead of standardizing the whole HRM system in the process of targeted IHRM practices (Myloni et al., 2007). Thus, it is clear that the transnational structure of MNCs is linked with the process of forward diffusion and reverse diffusion of IHRM to ensure the local adaptation.

Finally, forward and reverse diffusion of IHRM in MNCs can be also regarded as one of the processes of international integration. With increasingly strong links between headquarters of MNCs and their foreign subsidiaries, the international integration has also been improved. According to Harzing and Pinnington (2011), international integration is defined as the generation of inter-unit connection across countries. As far as MNCs are concerned, there is a trend toward which the linkages between HQ and subsidiaries are closer with more deregulation of many markets. Furthermore, the international integration of IHRM in MNCs can take the form of standardisation in operation (Edwards & Zhang, 2008). It refers to all the units from different countries within the organisation implement very similar HRM practices. In other words, MNCs establish operating units which replicate the HR policies and practices in headquarters or other subsidiaries in order to pursue the overall standardisation of management in the organisation. To summarize the above exploration of IHRM in MNCs in the globalisation context, it is demonstrated in Figure 2-6.
However, in a cross-border context, forward and reverse diffusion of international integration is limited as culture, institution and business strategy also have impact on IHRM in MNCs. Considering national differences, organisational structure is not the only factor which influences forward and reverse diffusion. In the transfer process of IHRM policies and practices, Model 1 is to be more specific to adapt to certain context. So in the next section, other factors which influence IHRM policies and practices will be taken into account. It will also focus on IHRM in MNCs in the specific context of China.

2.5 IHRM in Chinese MNCs

2.5.1 The process and changes of IHRM in Chinese MNCs

In the new century, China has become a key participant in the global economy and at the same time, enterprises located in China have also accounted for an increasingly large share in the world market. The World Investment Report 2012 (UNCTAD, 2012) demonstrates that the
foreign direct investment (FDI) from mainland China has reached 74.65 billion dollars, with an increase of 13.6 times than that in 2004 and China is the largest Asian source of outward FDI now. With regard to MNCs in China, 79 among them have ranked in the Fortune Top 500 list with a significant increase from only 16 in 2004 (Fortune, 2012). Furthermore, as Engardio (2008) has pointed out that in the near future, China will make a change in the global work forces, industries, companies and markets. Considering the rapid growth of FDI, Chinese MNCs also attempt to combine their practices and policies of IHRM with the corporate strategy (Fan et al., 2013). So in order to pursue high economic and social performance, it is necessary for MNCs to understand the ways that Chinese firms manage human resources at home and abroad.

However, research on IHRM in MNCs is more likely to focus on the western-established headquarters and subsidiaries with less attention being paid to countries such as China and India that are experiencing rapid economic development (Shen, 2005; Schuler, 2007; Thite et al., 2012). For many researchers, it is difficult to explore the management and performance of Chinese MNCs, especially the state-owned enterprises (SOEs) which are largely under the control of the state (Buckley et al., 2007). This may result from the ignorance of the impact and importance of the social and economic context in China (Lamond & Zheng, 2010). China's growing involvement in the world market underscores the need to explore Chinese MNCs and their specific approaches to IHRM to understand the international management effectiveness more fully, including the degree to which deliberately it replicates and adapts human resource practices from other developed countries.

To explore the development of IHRM in China, it is helpful to discuss its economic transition from central-planned to market-oriented. According to Zhang et al. (2010, pp. 178-179), market economy refer to ‘freely established prices and entrepreneurship’. Considering freely set prices through the market, entrepreneurs are able to make decisions on production in advance even with some uncertainty. In China, however, the economy was characterized by the limitation of market before the 1980s. During that time, the state and government nearly controlled all means of production. With a hierarchically structured system, the economy was organized and operated under a top-down system and the industrial sectors only included the state-owned enterprises and collective enterprises (Nee & Opper, 2010). In the late 1970s, Deng Xiaoping argued that the market economy could also be applied in a socialist country and then the socialist market economy was regarded as the goal of economic reform in China.
in the 14th Congress of the CPC in 1993 (State Council of the PRC, 2013).

More specifically, the evolution of economic reform in China can be divided into four stages: namely 1978 to 1984, 1984 to 1992, 1992 to 2002 and 2002 until now (Zhu & Zhao, 2005). In the first stage from 1978 to 1984, the main break in the economic reform was to replace the fully controlled planned system through the application of market economy as a complementary. Then in the second stage, a planned commodity economy was introduced as part of the planning system. In the managerial area, more autonomy was allowed with the acceptance of market competition in the process of decision-making. In next stage, the state focused on the transition from the planned to the market economy. It has established the goal of a socialist market economic system (Zhu et al., 2010). According to Deng (1993), a planned economy was not equivalent to socialism just as a market economy is not equivalent to capitalism. From this perspective, the government began to encourage officials and managers to learn from advanced management experience and approaches from other developed and capitalist countries. In the final stage, the socialist market economic system has made remarkable improvement and development. The basic economic structures and systems have been gradually established and a multi-ownership system has been introduced. In the new century, the direction of China’s development lies in the scientific development concept and a harmonious society (Zhu et al., 2010).

As an important part of the reform, Chinese government advocated the economic liberalization and structural reforms. Specifically, the state emphasized the reform of the ownership issue with the transformation of its traditional state-owned enterprises (SOEs) to modern organisations which are competitive in the market economy (Jing, 2009). It also facilitated the economic process into internationalization and a market-oriented course, with China’s WTO entry in 2001, standing as a good example. Furthermore, the types of enterprises have also been diversified, to include privately-owned enterprises, individually-owned enterprises and foreign-invested enterprises alongside the SOEs and collectively-owned enterprises. However, China’s transition to a market economy has been an uneven evolutionary process which is characterized by high, moderate and low levels of marketization in different sectors (State Council of the PRC, 2013). Figure 2-6 below demonstrates the marketization process of different sectors in China.
Figure 2-7: The Marketization Process of Different Sectors in China

<table>
<thead>
<tr>
<th>Fully Marketize</th>
<th>Product Market: such as the manufacturing sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weakly Marketize</td>
<td>Credit Market: such as the commercial banking sector</td>
</tr>
<tr>
<td></td>
<td>Market for Government Contracts (public bidding): such as the real estate sector</td>
</tr>
</tbody>
</table>

*Source: Author’s construct based on Nee & Opper (2010)*

A comprehensive system with Chinese characteristics of IHRM has been incorporated to facilitate its economic reform (Zhu, *et al.*, 2008). As an emerging economy, China has adapted some foreign economic management practices since the late 1970s. It is obvious that the attempts to ‘open the door’ in order to reform the system of people management have generally speaking ‘paid off’ in China (Zhu & Warner, 2004). But this kind of human resource management practice is still integrated with the Chinese ‘way of doing things’, as China has often been regarded as the ‘most foreign’ of all places due to its highly different culture, institutions and people mindset (Chen, 2001; Warner, 2008). So it is a major challenge for many Chinese MNCs to establish successful operations overseas because of its distinct differences from other nations (Selmer, 2003). It is also considered important to internationalize the research on HRM in China to place further emphasis on the specific characteristics of IHRM in Chinese multinational corporations (Cooke, 2009). In other words, scholars need to explore Chinese MNCs attempt to strike a balance between local adaptation and global standardisation in their IHRM policies and practices as they seek to improve their competitiveness in the host country. Against this backdrop, the importance of IHRM in Chinese MNCs asserts itself.

In Chinese, HRM is translated as ‘renli ziyuan guanli’ which means the management of the labour force. During the long historical process, China has demonstrated the tradition of focus on people management (Lamond & Zheng, 2010). In details, Sun Tzu or Sun Zi who is the author of *The Art of War*, and other famous Chinese gurus including Kungzi, Laozi, Mengzi, Guanzi, Hanfeizi, Xunzi have pointed out some principles of people management in the
context of ancient China. Specifically, they are merit-based selection; attraction and retention; contribution-based reward systems; participation and sound leadership and ethics (Zheng, 2010). It is clear that those principles are in line with some modern western management ideas such as fair, equity, employee participation and justice.

Since the 'Open-Door' policy in 1978, China has experienced sustained economic development with a further involvement in the global market after the WTO entry in 2001 (Warner, 2003). The process of HRM development is divided by Warner (2010) into three stages, which are nascent, interim and mature, respectively (Warner, 2010). The nascent stage is relating to the earliest demonstration of a novel kind of people management in the 1980s, which was characterized by the 'iron rice bowl'. Then, the second stage of interim emerged in the 1990s. During this period, the former people management was mixed with the emergence of human resource management with Chinese characteristics (Warner, 2010). The last stage is the mature one which combines the Chinese context with the contemporary theories of IHRM (Cooke, 2005; Zhu, 2005; Warner, 2008). This overview of the evolutionary processes also sheds new lights on the balance between global standardisation and local adaptation of IHRM in Chinese MNCs. Table 2-5 gives a brief summary of the development process of IHRM in China.

Table 2-5: The Development Process of IHRM in China

<table>
<thead>
<tr>
<th>Stages of IHRM process in China</th>
<th>Time/Years</th>
<th>Degree of the linkage between global standardisation and local adaptation in IHRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nascent</td>
<td>1980s</td>
<td>Low</td>
</tr>
<tr>
<td>Interim</td>
<td>1990s</td>
<td>Medium</td>
</tr>
<tr>
<td>Mature</td>
<td>2000s—today</td>
<td>High</td>
</tr>
</tbody>
</table>

Source: Author's own work based on Warner (2010)

Furthermore, in each stage of the process, major changes have also taken place in human resource management in China (Child, 1994; Chan, 1995; Warner, 1999). Firstly, more autonomy has emerged in enterprises such as more decentralized and market-oriented HR
policies and practices in decision-making process (Child, 1994). With the growth of FDI, large joint ventures (JVs) and MNCs in China have tended to borrow the HRM practices from the west with more autonomy in their people management (Verburg, 1996; Ding et al., 2002). For instance, the reward system is more performance related in some organisations (Warner, 2003). Secondly, with regard to the 'labour contracts', the 'collective labour contracts' were introduced in the Temporary Regulations of the Ministry of Labour. In this way, the system of 'lifetime employment' has experienced some changes and by the year of 2000, almost all the companies have signed formal labour contracts with employees as a legal implementation (Ng & Warner, 1998; Ding et al., 2001). Thirdly, after the WTO entry, Chinese government accelerated their steps to make the national HRM system fit with the international commitments. It has attempted to establish a mutual and stable communication mechanism between managers and employees (Ng & Warner, 1998). Furthermore, in accordance to the 'Decent Work' standard of International Labour Organisation (ILO), China has placed more emphasis on labour rights, employment services, re-employment and training and development (ILO, 2001). In a word, with more market-oriented HRM practices in China, there emerges a growth of IHRM with 'Chinese characteristics' which applies the western experience of HRM and adjusts to the Chinese MNCs.

Next, there are several reasons why Chinese MNCs attach great importance to HRM. Firstly, the three-decade development of China has transferred its economy from the state-planned model to market-driven and guanxi-based (relationship-based) model (Si et al., 2008). With the import of advanced techniques and skills from the west, Chinese MNCs are eager to learn the management approach and knowledge of developed countries. From Figure 2-8 below, it shows China has the largest number of students studying abroad from 2013 to 2015 compared with the other four countries in the list of Top-Five places of origin of international students. According to the latest statistics from Institute of International Education (IIE, 2013), one-third of Chinese students abroad prefer to study business and management such as human resource management, marketing management, hotel management, event management, international management, finance and management, etc. Secondly, the Chinese government has advocated the improvement of staff rights and levels of income in order to reverse the trend of growing inequity and imbalance emerging from the economic growth (Cooke, 2012). That may facilitate the investment and attention from Chinese MNCs, especially the state-owned enterprises, to human resource management.
Finally, according to Christmann et al. (1999), the performance of MNCs is determined by the role of country conditions. Considering the development of IHRM policies and practices in China, some research has focused on the Chinese context with the exploration of IHRM practices and organisational performance outcomes (Lamond & Zheng, 2009, 2010). Table 2-6 demonstrates the scope of the academic research on the main topics of IHRM in China.
Table 2-6: The Academic Research on the Main Topics of IHRM in China

<table>
<thead>
<tr>
<th>Main academic topics of IHRM in China</th>
<th>Characteristics of the topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment relations/Industrial relations framework (Cooke, 2005)</td>
<td>The institutional factors and general HRM context in China are also taken into account</td>
</tr>
<tr>
<td>Specific IHRM functions and practices in the Chinese context (Warner, 2008; Harzing, A. &amp; Pinnington, A.H., 2011)</td>
<td>Recruitment and selection; training and development; retention and rewards; performance management; employee participation; HR planning</td>
</tr>
<tr>
<td>Assessing the impact of high performance (Armstrong, 2010)</td>
<td>Linking the impact of high performance with the HR practices</td>
</tr>
<tr>
<td>Comparative and international human resource management (Edwards &amp; Rees, 2011)</td>
<td>Comparison across different ownership, size, business strategies and nations</td>
</tr>
<tr>
<td>Forecasting the new developments of IHRM in China (Fan et al., 2013)</td>
<td>Focusing on the potential of new development in IHRM and future work domain in China</td>
</tr>
</tbody>
</table>

Source: Author’s construct based on Lamond and Zheng (2010)

Although there is a growth of the academic literature focusing on IHRM in China, it is still generally regarded as a sub-set of the international human resource management rather than a mainstream management research field (Lamond & Zheng, 2010). In other words, the majority of studies on IHRM in China are based on the western models with less attention to the specific Chinese context. So in order to establish a comprehensive understanding of IHRM in Chinese MNCs, its specific characteristics of the Chinese context will be discussed in the next sections.
2.5.2 The influence of cultural dimensions and contexts on IHRM in Chinese MNCs

To explore IHRM in Chinese MNCs, this thesis focuses on what, why and how influential factors play their roles. Among them, cultural dimensions and contexts are regarded as the most important influential factors of IHRM in Chinese MNCs. In fact, many international researchers have explored that culture perspective is an effective way to develop high-impact research as it facilitates the application of existing theories to novel backgrounds (Tsui, 2007; Boyacigiller & Adler, 1991; Kim et al., 2010).

There are two reasons why cultural perspective is regarded as the most important influential factors of IHRM in Chinese MNCs. On the one hand, in China, the continuity of traditional cultural value is still observable in the contemporary practices of IHRM, especially the 'Confucian' value (Warner, 2010). The Confucian value is based on the work of one of the nation's most significant thinker, Confucius or Kungzi, between 551-479 BC. His philosophy has imposed great influence on the cultural value in China and in wider East Asia from the ancient years to the modern society. For example, an important tenet of his thought, 'harmony' has become a key topic in contemporary Chinese ideology. According to Confucius, the harmony concept comes from music as music is able to transform people’s behaviour in a more civilized manner. The goal of music is to strike a balance among the individual, nature and society. From this point of view, a harmonious musical work is characterized by perfect order and management of the opposing elements into a moderate piece of work (The Analects of Confucius, 2008). With a long-time development, the balance of pressure level and tempo speed in music becomes a symbol of Yin and Yang and the different temperature in the four seasons. In the new era in China, the 'harmonious society', widely accepted as the goal of the Chinese government, is fundamentally stemming from the reconsideration of Confucianism (Warner, 2010). The ‘harmonious society’ here can be regarded as ‘a well-off society oriented by middle income classes’. As for the foreign policy, harmony is closely linked with peace, understanding and cooperation, which is a dominant code directing the relationship between China and Africa (State Council of the PRC, 2013). The Chinese government advocates a ‘win-win’ principle without interference in domestic politics when providing aid and investment. It also encourages Chinese MNCs to become involved in African economies and societies in more types (Alden & Hughes, 2009). On the other hand, according to Hofstede (2001), culture need careful attention when companies operate transnationally. Indeed, it is
crucial that MNCs realize the relationships between culture and organisation so that they are able to adjust their IHRM practices to ensure the balance between overall standardisation and local adaptation (Schuler & Rogovsky, 1998).

From this point of view and based on Hofstede’s cultural dimensions and Hall's cultural contexts (Hofstede, 1993; Hall, 1996), the specific characteristics and influence of Confucius culture will be linked with the IHRM in Chinese MNCs. In details, the culture system can be divided into six independent dimensions and contexts which are power distance, uncertainty avoidance, individualism versus collectivism, masculinity versus femininity, time orientation and cultural contexts respectively (Hofstede, 2001; Hall, 1996). Table 2-7 reflects what those factors of cultural dimensions and contexts are in more details.

Table 2-7: Influential Factors of Cultural Dimensions and Contexts

<table>
<thead>
<tr>
<th>Cultural dimensions and contexts</th>
<th>What are the influences of this factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power distance</td>
<td>the extent to which people in a certain culture context accept and expect that organisational or institutional power is, and should be distributed unequally</td>
</tr>
<tr>
<td>Uncertainty avoidance</td>
<td>the extent to which people feel threatened by an uncertain environment and make efforts to avoid it</td>
</tr>
<tr>
<td>Individualism versus collectivism</td>
<td>the extent to which people value an individual's opinion and attach more importance to their individual interests and those of their family</td>
</tr>
<tr>
<td>Masculinity versus femininity</td>
<td>the extent to which the dominant value is the masculine or the feminine one</td>
</tr>
<tr>
<td>Time orientation</td>
<td>the time horizons that people in different cultures are oriented towards: shorter term or long term</td>
</tr>
<tr>
<td>Cultural contexts: from high to low</td>
<td>the key distinction between the two types of cultures is the amount of information expressed in communication</td>
</tr>
</tbody>
</table>


With regard to the cultural dimensions and contexts, the Confucian value is closely related to
IHRM in Chinese MNCs especially with the background of the 'Harmonious Society' which is regarded as the development of Confucianism in the new millennium (Sole-Farras, 2008). While Mao Zedong broke the tradition with explicit policies of anti-Confucianism during the Cultural Revolution from 1966 to 1976, his successors of current Chinese governments returned to the track soon after (Warner, 2008). So it is prominent that Confucianism is revalued and deeply embedded into Chinese society in the form of combining modernity with traditional values (Yao, 2002).

Three key values in Confucian philosophy are hierarchy, perseverance and thrift (Warner 2010). First of all, with the emphasis on hierarchy, Chinese culture is characterized by a higher power distance than the western society in the practices of management. It places emphasis on the social hierarchy and a top-down control system which are regarded as potential constraints to teamwork from the western perspective (Goodall et al., 2007). In Chinese MNCs, especially in the SOEs, strict hierarchy is still a specific characteristic in their IHRM practices such as recruitment and selection, training and development and performance management (Cooke, 2012). For instance, recruitment and selection for the civil service and large corporations is still influenced by the long-lasting practice of bureaucratic competition (Child & Warner, 2003). Secondly, perseverance indicates that Chinese enterprises tend to avoid uncertainty environment with the persistent avoidance of existing systems and managerial styles (Kwon, 2008). It can prevent the innovation and creativity of organisation to some extent. So the methods of management learning and training in Chinese MNCs are likely to be linked with its own cultural norms (Warner, 2011). The final value is thrift which has close relationship with the budget in Chinese MNCs. With limited capital and resources, Chinese MNCs advocate thrift in their budget policies especially in some less developed areas such as Africa (Alden & Davies, 2006). In this way, they tend to avoid uncertainty in investment, financial transactions and organisational management.

Collectivist perspective is another important value in the Confucius culture. It gives priority to the interest and welfare of the whole communities instead of individual benefits. In other words, it advocates the involvement of behaviors which may bring benefits to the common welfare of super ordinate communities beyond the individuals and family (Chen & Lee, 2008). Furthermore, within the femininity dimension of Hofstede (1993), personal relationship is one of the key elements and it is a Confucius value where it is known as 'Guanxi'. 'Guan' means a 'gate' or a 'pass', while 'xi' represents belongingness and kinship and
this is recognized as a crucial concern for the IHRM and relevant business activities in Chinese MNCs (Warner, 2010). In detail, it incorporates the social connection through kin, community and common value. It may be informal but is maintained by mutual trust with conveying joint benefits and favours. Moreover, it can also be facilitated by the existing of bureaucratic or some other institutional factors (Child, 2009). In fact, the modern Chinese MNCs are deeply influenced by the ideology of Chinese 'guanxi' as it identifies the interpersonal ties which have impact on the values and behaviour of organisation members (Tsui & Farh, 1997).

As for the time orientation, the Chinese approach to economic development and change is a good example of the long-term consideration and moderate shift towards capitalism with the Chinese characteristics (Rarick, 2009). The Confucius value is also deeply embedded in the context as it is a high context value. So to explore the practices of IHRM in Chinese MNCs, contextual variables of Chinese characteristics are also very important. In other words, it underscores the need to identify the national contexts with a connection between the material and mentality systems (Weber, 1964; Child, 2009).

In summary, the Confucian value focuses on the closest social and hierarchical relationships with harmony, balance, mutual trust, obligation, obedience and authority as key tenets (Chen, 2008). Among them, harmony and balance is considered as an essential part of Chinese culture which coordinates the economic development in medium and long-term processes. So to explore the influence of culture on the practices of IHRM in Chinese MNCs, harmony and balance appears to be the key elements to be taken into account (Sole-Farras, 2008). Table 2-8 below reflects how Confucian value is connected with the IHRM practices in Chinese MNCs on the basis of cultural dimensions and contexts.
Table 2-8: Connection between Confucian Value and the IHRM Practices in Chinese MNCs on the basis of Cultural Dimensions and Contexts

<table>
<thead>
<tr>
<th>Confucian values</th>
<th>The connection between the value and the IHRM practices in Chinese MNCs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hierarchy</td>
<td>Vertical integration and empowerment in the practices of IHRM in Chinese MNCs</td>
</tr>
<tr>
<td>Top-down control</td>
<td>Leadership of IHRM in Chinese MNCs</td>
</tr>
<tr>
<td>Collectivism</td>
<td>Employment participation and teamwork in Chinese MNCs</td>
</tr>
<tr>
<td>Relationship and Guanxi</td>
<td>Employment relations in Chinese MNCs</td>
</tr>
<tr>
<td>Long-term time orientation</td>
<td>Innovation, training and development policies of IHRM in Chinese MNCs</td>
</tr>
<tr>
<td>High-context specific</td>
<td>The balance between local adaptation and global standardisation of IHRM practices in Chinese MNCs</td>
</tr>
</tbody>
</table>

Source: Author’s construct based on Warner (2010)

From the above exploration, it is obvious that cultural dimensions and contexts influence the practices of IHRM in Chinese MNCs. In fact, culture tends to be regarded as the system of software which influences IHRM policies and practices (Harzing & Pinnington, 2011). As for the system of ‘hardware’, which refers to the institutional factors, this will be discussed in the next section.

**2.5.3 The influence of institutional factors on IHRM in Chinese MNCs**

To explore the practices of IHRM in Chinese MNCs, the specific institutional arrangements also play a significant role as they shape the HRM practices with various employment outcomes for individual workers (Cooke, 2012). As Heery and Frege (2006) have pointed out that the institutional factors are able to improve employer practices, especially in societies with flexibility, light regulation and weak employers' association such as China. So in the following sections, the thesis will analyze what, why and how institutional factors influence IHRM in Chinese MNCs. In accordance with the Concise Oxford English Dictionary (2012, pp. 614), institution refers to
An official organisation with an important role in a country or an organization founded for a religious, educational, or social purpose.

In the academic research, Bosch et al. (2009, pp. 1-3) point out that institution is

the building blocks of social order as they shape, govern and regulate behavior. They represent social values and at the same time they demonstrate historical compromises between social groups coordinated by key actors.

Writing from a cross-cultural perspective Xu (2011, pp. 1078) holds that institutions are

basic and stable mechanisms that govern agents and balance the actors between political and economic areas.

Although there is some debate about the status and viability of institutional arrangements, academic researchers agree that a common set of institutional factors incorporate public and private organisations, public utilities, financial instruments, educational institutions, trade unions and governmental and non-governmental organisations (Harzing & Pinnington, 2011). From this point of view, it is clear that institutions may operate in an interlocking and mutually supportive ways. In other words, key institutional factors are interdependent on each other so institutional autonomy and self-support should be taken into account in the process of analysis (Dore, 2000).

There are three reasons why institutional context is regarded as one of the most important factors to explore IHRM in Chinese MNCs. Firstly, from the perspective of the varieties of capitalism, institutional context is consist of neo-liberalist, neo-corporatist and socialist/Marxist (Edwards & Rees, 2011). Neo-liberalist emphasizes the function of market forces in the process of resource allocation so that economic development can be achieved. In other words, the essential element of this institution is freedom to management with a deregulated economic structure. It is also regarded as the liberal market economies or LMEs (Edwards et al., 2005). Next, the neo-corporatism places an emphasis on the active role of the state which coordinates the interests of societal actors such as labour and capital. In other words, in this institutional context, market orientation is associated with social awareness of its outcomes through consensus decision making and major stakeholders (Hollinshead & Leat,
Edwards et al., (2005) also referred it as coordinated market economies or CMEs. The last institution is Marxist ideology which holds that the state is always closely linked with the interests of ruling economic class and capital (Macionis & Plummer, 2002). Key ideas of Marxist ideology are summarized by Giddens (2006):

- The expansion of capitalistic economic mechanisms is the main dynamic of modern development.
- Class inequalities are embedded with the modern societies.
- Major division of power ultimately results from economic equalities.
- Capitalist society is only a transitional type of modern societies. It will eventually be replaced by socialism.
- The western influence across the world is the consequence of the spread of capitalist organisation.

In China, working with a state-sponsored socialist system, Marxist ideology still exerts a great impact on the practices of IHRM in Chinese MNCs (Xu, 2011; Cooke, 2012). Firstly, it influences the structure of Chinese MNCs with the centralization philosophy, which has consequences for the formalization and standardisation of IHRM policies and practices in their diffusion from the headquarters to subsidiaries (Cooke, 2005). It is also closely relating to the decision-making processes and employee engagement in organisations as managers at all levels tend to only follow the implementation guidelines and generally are not directly getting involved in the policy-making procedures (Child, 1994). Next, it imposes extra pressure on Chinese MNCs as the basic premise of the ideology guides employees to regard their work as a ‘lifelong’ job security and they take the responsibility of their ‘nanny’ employers for granted, such as housing, pensions, health care, children’s schooling and transportation (Cooke, 2005). Although Chinese MNCs have been more international due to their rapid development, those ideologies are still deeply embedded in their IHRM policies and practices today. Further details of these issues are explored in Chapters Five and Six through research data analysis and discussion.

Secondly, from the perspective of academic research, more attention has been paid to the IHRM in emerging economies with focus on culture and HR practices. The institutional arrangements, however, have not been emphasized enough in the IHRM literature (Cooke, 2011; Rees et al., 2007; Mellahi, 2007; Wang & Wang, 2006; Budhwar & Debrah, 2001). So to fill the academic gap, the institutional influence is taken into account to explore the IHRM in Chinese MNCs. Finally, from the perspective of organisational performance, IHRM
practices in Chinese MNCs are closely relating to their strategic goals with a certain level of freedom in formulating and adopting their policies so that organisations are able to maintain their competitiveness (Brewster, 2002). In this way, the national institutional arrangements are regarded as one of the main influential factors in the organisational operation as they are mutually interdependent especially considering the conception and adaptation of IHRM policies and practices in Chinese MNCs across borders (Pieper, 1990).

More specifically, the main institutional arrangements in China include the state, law and regulation, trade unions, educational institutions and non-governmental organisations (NGOs) or international non-governmental organisations (INGOs), respectively. Table 2-9 demonstrates what the institutional factors and their influence are.

Table 2-9: Main Institutional Factors in China and their Influence on Chinese MNCs

<table>
<thead>
<tr>
<th>Institutional factors</th>
<th>What are the influences of this factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>The state</td>
<td>The central and local government controls the high economic sectors, ideology and the mass media</td>
</tr>
<tr>
<td>Law and regulation</td>
<td>The legislative systems limit organisational independence and the free management of personnel issues in MNCs</td>
</tr>
<tr>
<td>Trade union</td>
<td>Facilitate productivity and defend labour rights with the example of All-China Federation of Trade Union (ACFTU)</td>
</tr>
<tr>
<td>Public educational institutions</td>
<td>To reduce the severe shortage of managerial and professional talent and skilled managers or workers through the development of educational institutions and business school</td>
</tr>
<tr>
<td>Private consultancy firms and outsourcing companies</td>
<td>To enhance the HR standard and competence level of the workforce with professional techniques; to offer administrative services in line with the legal system; to help enterprises get out of operational predicament</td>
</tr>
<tr>
<td>Non-governmental organisations (NGOs) or international non-governmental organisations (INGOs)</td>
<td>Set standards; Monitor and control employment relations in enterprises; Influence policy and regulations</td>
</tr>
</tbody>
</table>

*Source: Author’s construct based on Cooke (2011)*
Those six institutional factors are connected with IHRM in Chinese MNCs. Firstly, the role of state has resulted in different responses about its regulatory function in HRM policies and practices in the past few decades (Bamber et al., 2010). So there has been a trend of the role of state shifting from a hard, regulatory approach to a softer, voluntary one to manage the national market (Martínez Lucio & Stuart, 2004). With the economic development in China, the role of state has become more complicated as the mechanisms of legislation, standard setting, best practice exchange and the improvement of HRM practices replace the heavy reliance on administrative regulations (Cooke, 2012). Furthermore, the role of state is divided into two parts: one refers to the direct intervention through HRM laws and regulations; the other is the soft method which intends to enhance the effectiveness of IHRM practices through public information and propaganda of the government (Godard, 2002; Mellahi, 2007). As for the two main goals of the state intervention, one is to ensure the effectiveness and performance of the IHRM practices in Chinese MNCs; the other is to improve the skills of the workforce so that Chinese MNCs can be more competitive in the global market. This provides some insights on how the role of state exerts influence on IHRM in Chinese MNCs.

Law and regulation is the second institutional factor. As the successful operation of organisations in the global market requires a sound regulatory system, law and regulation cannot be ignored especially in the developing countries where the majority of employees may not have enough advantages compared with their counterparts in developed countries (Cooke, 2012). Considering the significant changes in the economic structure and employment, there has emerged a variety of diverging interests between actors in the global market and a high level of conflicts between employees and employers, so the necessity for labour law and regulation has asserted itself. However, the pursuit of international competitiveness in Chinese MNCs entails the flexible application of labour law instead of over-regulation, where the aim of law and regulation is to improve efficiency and balance of IHRM in Chinese MNCs (Buchanan & Callus, 1993; Fudge & Vosko, 2001). At the same time, the integration of the legal systems is also crucial to the operation of Chinese MNCs (Fudge & Vosko, 2001).

Trade unions are also linked with the practices of IHRM in Chinese MNCs. According to the Trade Union Law (2001), the main function of trade unions includes organizing workers to join economic development with more passion, to finish their work assignments more
conscientiously, to improve their ideological thoughts and to establish their own disciplines. In China, only one trade union is recognized by the Chinese government: the All-China Federation of Trade Union (ACFTU) which aims to improve productive activities, to provide skill training and to protect labour's rights (Cooke, 2012). For instance, in 2007 the vocational training institutions have provided training for nine million workers in China (National Statistics Bureau, 2002 and 2008). It reflects how the institutional factors organize labour and facilitate HRM/HRD practices from another perspective so that the competitiveness of Chinese MNCs is more likely to be improved in the global market.

The next factor is public educational institutions which are closely related to training and development of IHRM in Chinese MNCs. The management development is divided into two stages (Wang & Wang, 2006; Warner & Goodall, 2010). The first stage is from mid-1980s to mid-1990s. During this period with the shift from the state-planned economy to market-oriented, the demand for professional managers in the areas of HRM, finance and market increased rapidly, so the state made its first attempt to train managers especially in SOEs. In the second stage, the growth of business schools, MBA/EMBA and short-term training courses was the major characteristics. With the overseas trips and more self-funded students included in the training, MBA qualifications have become highly marketable (Cooke, 2011). Recently, many senior managers of key Chinese MNCs especially some SOEs have been sent to foreign universities for training and development in order to acquire knowledge and to develop a wider business network (Wang & Wang, 2006).

Private consultancy firms and outsourcing companies play an increasingly significant role in the Chinese market as an institutional factor. Those private organisations are able to enhance the HR standard and competence level of the workforce (Zhou, 2002). With professional techniques, they can offer administrative services in line with the legal system and help enterprises to resolve operational issues. Recently, private consultancy firms and outsourcing companies have experienced rapid development in China as an emerging institutional factor. They tend to facilitate the adaptation in organisations and the implementation of professional HRM policies and practices (Cooke, 2012). Considering the cross-border operation in Chinese MNCs, professional IHRM techniques spread from those private organisations play a valuable role.

The final factor is the influence of non-government organisations (NGOs) or international
non-governmental organisations (INGOs) on IHRM in Chinese MNCs. The literature on NGOs has shown rapid development since the 1980s with focus on the importance of NGOs as a new vanguard of donor agendas on 'civil society' and 'democratization' (Korten, 1990; Robinson, 1995). Considering the link of neo-liberalization with social democracy and the development of free trade, the role of NGOs has become more powerful in the global arena, including advocating democracy, human rights, empowerment, participation, poverty and livelihood (Craig & Porter, 2006). In other words, NGOs are more likely to shift towards democratization and the establishment of the civil society (Bebbington et al., 2008). Recently, with the progress of globalisation, INGOs play an increasingly important role in the international development. According to Roberts et al. (2005), the focus of INGOs consists of global environmental concerns, global human rights concerns and humanitarian health assistance in times of crisis. From this point of view, it is necessary for NGOs or INGOs to engage with the public struggle for ideas and ideology on development and the 'good society' (Bazan et al., 2008). In addition, specific ideas within sustainable development, compared with an emphasis on the processes of unbalanced development, are also important (Bebbington et al., 2008).

With regard to Chinese MNCs, as they have targets to manage costs and to pursue their strategic goals at the same time, the business competition they face is fierce. As NGOs especially INGOs transfer significant amounts of money across the global market and make great contribution to the national economies through high levels of employment which incorporates both paid and voluntary staff, their experience may provide new insights into the practices of IHRM in Chinese MNCs (Adams, 2003, Anheier & Themudo, 2005, Lyons et al., 1999). As international organisations, they may also be considered as similar and related to MNCs, particularly when there are also SOEs operating within a development framework, such as developing African countries’ infrastructure. Their pressure and activities may influence IHRM practices. So cooperation and experience sharing between Chinese MNCs and NGOs or INGOs may be of great significance because the characteristics of high external resource dependence require NGOs or INGOs to establish relationship with multiple stakeholders, factors which are also important for Chinese MNCs (Edward & Fowler, 2002; James, 2008). Furthermore, since NGOs or INGOs have both the volunteers and paid staff whose performance assessment is sometimes intangible, their policies of human resource management have to cope with new challenges. In addition, operating in difficult and diverse working environments across cultural boundaries, they have to ensure the appropriate
practices of IHRM and achievement of organisational goals (Lindenberg & Bryant, 2001). With effective processes of knowledge sharing, the business incentive policies and other IHRM practices in NGOs or INGOs may shed new light on the human resource management in Chinese MNCs. In summary, Figure 2-9 shows how the six institutional factors may influence IHRM in Chinese MNCs.

Figure 2-9: The Influence of Six Institutional Factors on IHRM in Chinese MNCs

Source: Author’s construct based on Cooke (2012)

The above exploration demonstrates that as IHRM experience is transferred from the western regions to Chinese context; it is adjusted and developed with the specific Chinese characteristics including those emanating from cultural and institutional factors. In other words, Chinese MNCs have imported IHRM policies and practices from the West while considering these influential factors in the Chinese context. Specifically, the development of globalisation has facilitated the emergence of multinational corporations (MNCs). To pursue strategic goals of local responsiveness, efficiency and integration, MNCs may take into account the significance of international human resource management (IHRM) in the process of forward and reverse diffusion. We have considered the contextual factors which influence the practice of IHRM in Chinese MNCs including institution and culture, as the hardware and
software factors, respectively. The institutional factor has been explored with reference to the specific Chinese characteristics while the cultural factors are also understood to be influenced by the Confucian values. Figure 2-10 below is proposed as a framework to link imported IHRM policies and practices from the West with specific cultural and institutional characteristics in Chinese MNCs.

Figure 2-10: The Interrelation between IHRM and the Contextual Factors in Chinese MNCs

The forward and reverse diffusion of IHRM practices in MNCs

The emergence of Multinational Corporations (MNCs)

The significant role of international human resource management (IHRM) in MNCs in China

Globalisation

Three orientations of IHRM
Adaptive
Exportive
Integrative

IHRM in Chinese MNCs:
Understanding the balance between standardisation and adaptation

'Software' factors influencing IHRM in Chinese MNCs:
Confucian values from the perspective of cultural dimensions and contexts

'Software' factors influencing IHRM in Chinese MNCs:
Institutional factors from the perspective of Chinese characteristics

Strategic goals of IHRM in Chinese MNCs:
Local responsiveness, Effectiveness, Integration

'Hardware' factors influencing IHRM in Chinese MNCs:

Source: Author’s construct based on Schuler et al. (1993)

However, with their increasingly significant role in the international market, many Chinese MNCs have given priority to the strategy of 'going global'. They tend to export the advanced IHRM experience they have learned from the West to less developed areas with the Chinese characteristics so that their organisational strategic goals can be achieved and their
competitiveness in the global market can also be enhanced. In the next section, Africa is chosen as the export area to explore the practices of IHRM in Chinese MNCs.

2.6 Assessing Performance Management in Chinese MNCs in Africa: An Integrative Model of IHRM in Chinese MNCs in Africa

2.6.1 Performance management in IHRM in MNCs

Considering Figure 2-10 on Page 73, it is clear that many factors may influence IHRM practices in MNCs. They can exert a positive impact on the way of doing things in specific contexts. However, it is also necessary to translate those influential factors into specific IHRM practices in the process of transfer from headquarters to subsidiaries. According to McCourt and Eldridge (2003), the main practices of HRM include recruitment and selection, training and development, performance management, employee engagement, reward system, leadership and career development. With consideration of HRM practices, the theoretical aspects are connected with the pragmatic context. Each practice of HRM represents a distinct area of responsibility in organisations and some may cover all the areas. Furthermore, those practices also entail the responsibility for managers that are in the charge of people management at all levels in organisations (Hope et al., 2005). So the HRM practices are relating to stakeholders from both the organisational and individual perspectives (Wilton, 2013). Table 2-10 below summarizes major issues and activities of each human resource practice.
Table 2-10: Major Issues and Activities of Human Resource Management Practices

<table>
<thead>
<tr>
<th>Human Resource Management Practice</th>
<th>Issues and Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment and selection</td>
<td>Getting the right person into the right place; recruiting from a diversity of population; being aware of gender discrimination, ethnic minority or disabled</td>
</tr>
<tr>
<td>Training and development</td>
<td>Accommodation between individual and organisational responsibility; training and development as a recruitment and retention method; learning from new technologies</td>
</tr>
<tr>
<td>Performance management</td>
<td>Performance appraisal; reward policy; staff attraction and retention; impact of teamwork on individual pay; the role of culture in managing performance; training and development and performance management</td>
</tr>
<tr>
<td>Employee engagement</td>
<td>Employee involvement and participation; empowerment; downward communication; upward problem-solving; partnership based on mutual interests.</td>
</tr>
<tr>
<td>Reward polices</td>
<td>Decentralisation of incentives; cost-effective total reward policies; the set of employee goals; reward policies and fair processes; the maximization of recruitment and retention; the employee repatriation</td>
</tr>
<tr>
<td>Leadership</td>
<td>Leading organisations in the global environment; expatriate development; cross-cultural training and development; self-training using electronic media; international job rotation</td>
</tr>
</tbody>
</table>

Source: Author’s construct based on Harzing & Pinnington (2011); Wilton (2011)

Among the human resource management practices, performance management is chosen in this research considering its function and power as a proxy for the wider range of activities. There are two main reasons for the choice. Firstly, from a broad theoretical perspective, performance management enables organisations to draw the best out of their staff and to operate at the optimal level. Through goal-setting, feedback and employee motivation, performance management links together the practices of HRM such as recruitment, training, development, employee engagement, leadership and reward policies and in some way
affecting those (Harzing & Pinnington, 2011). With the set of goals in the process of performance management, MNCs are able to recruit and select suitable staff for certain tasks. The feedback through performance management can facilitate training and development, reward system and career development of employees. Furthermore, appropriate policies of performance management can also improve employee engagement effectively. Secondly, from the perspective of influential factors, performance management is affected directly or indirectly by several key factors in organisations such as culture, institution, organisational structure, purpose of appraisal, performance standard, technology and reward system (Murphy & DeNisi, 2008).

Considering the representative role of performance management in HRM practices, the thesis explores why and how performance management influences IHRM in MNCs from the perspective of business strategy, organisational structure, forward and reverse diffusion and cultural and institutional factors.

According to Fowler (1990, pp.47-49), performance management refers to

\[\ldots\] the organisation of task to achieve the best possible results. It is not a simple system or technique, but the totality of daily practices of all managers.

Mohrman and Mohrman (1995, pp.69) regard performance management as 'managing the business'. More recently, Briscoe and Claus (2008, pp.15-20) have pointed out that performance management is

\[\ldots\] the system with which organisations are able to establish task objectives, set up performance standards, distribute and assess work, provide feedback, analyze training needs and arrange rewards.

Specifically, the main activities of performance management comprise the establishment of goals or objectives, the implementation of feedback and the motivation of employees (Harzing & Pinnington, 2011). Furthermore, performance management today also relates to other IHRM practices, such as talent management, training and development, reward management and employee engagement (Armstrong, 2006). For the development of performance management, it is broadly divided into four phases which include merit rating, management by objectives, performance appraisal and performance management. Table 2-11
demonstrates the periods of development and characteristics of each phase.

Table 2-11: The Development of Performance Management and Main Characteristics

<table>
<thead>
<tr>
<th>Periods</th>
<th>Phase of Performance Management</th>
<th>Main Characteristics of This Phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 1910s to 1950s</td>
<td>Merit rating</td>
<td>To assess how well the employee was regarded in terms of personality and qualities such as integrity, leadership and cooperativeness.</td>
</tr>
<tr>
<td>From 1950s to 1970s</td>
<td>Management by objectives</td>
<td>Management by objectives and self-control with the process of:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>a. strategic plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b. tactical plans</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c. unit objectives and improvement plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>d. individual managers' key results and improvement plans</td>
</tr>
<tr>
<td></td>
<td></td>
<td>e. review and control</td>
</tr>
<tr>
<td></td>
<td></td>
<td>f. management development</td>
</tr>
<tr>
<td>From 1970s to 1990s</td>
<td>Performance appraisal</td>
<td>a. A result-oriented appraisal which records the assessment of employees' performance, potential and development need.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b. An overall view of the work content and volume</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c. Look back at what has been achieved</td>
</tr>
<tr>
<td></td>
<td></td>
<td>d. Set up goals for the next</td>
</tr>
<tr>
<td>From 1990s until now</td>
<td>Performance management</td>
<td>a. Emphasis on both development and evaluation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b. Develop a profile which defines individual's strengths and development needs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c. Analysis of the results achieved</td>
</tr>
<tr>
<td></td>
<td></td>
<td>d. Separation of development review from salary review</td>
</tr>
</tbody>
</table>

Source: Armstrong (2006)

Several characteristics distinguish performance management from other human resource management activities. Firstly, performance management is a continuous and planned process
which requires the cooperation between managers and employees. It places emphasis on the principle of management by negotiation and agreement rather than by command and coercion. Secondly, it focuses on future development and improvement compared with retrospective performance appraisal. Next, despite closely relating to individual performance, it can also be applied to teams. Finally, performance management takes into account the role of developmental aspects based on the contribution-oriented pay system (Buchner, 2007). In other words, some main values differ performance management from others on the basis of individual respect, mutual trust, procedural fairness and transparency (Winstanley & Stuart-Smith, 1996). As for the process of performance management, Figure 2-11 below illustrates its specific cycle by Armstrong (2006).

Figure 2-11: The Performance Management Cycle

![Performance Management Cycle Diagram](image)

*Source: Armstrong (2006)*

In performance plan step, employees are expected to plan in line with expected results and behaviours considering goals and objectives. The criteria of performance measurement will also be agreed among managers and staff at this stage. The action of performance management refers to the work, development and support. In the process of performance monitoring, feedback is necessary. In spite of some reluctance in cases where the managers provide constructive or negative feedback, it is crucial that supervisors give feedback to staff regularly (Murphy & Cleveland, 1995). To review performance management, evaluation guidelines need to be clarified to employees such as the term and standard of assessment, the potential rewards or penalties and the person who will conduct the assessment (Harzing & Pinnington, 2011). However, in reality, the four steps are interconnected and may not take
place in strict succession. For instance, performance review and planning may be implemented at the same time although they are separate practices. Organisations may monitor staff members in order to improve their performance and to facilitate the performance management planning and reviews (Armstrong, 2006). Performance management relates to the specific contexts of organisations.

With regard to the operation of MNCs, there are several reasons why performance management is explored instead of other practices of IHRM such as recruitment and selection or training and development. Firstly, according to McCourt and Eldridge (2003), performance management is not only critical to the achievement of organisational goals, but it is also related to the performance feedback, individual job assignments, development planning and identification of the training needs. In other words, performance management can shed new light on the integration of all HRM strategies (Armstrong, 2006). With mutual complementation and cooperation of HRM factors, organisations are more likely to generate a desired performance (Pfeffer, 1998). So the important role of performance management asserts itself.

Secondly, as the labour force in MNCs comprises both expatriates and local managers, it makes the international management more difficult and complex than in domestic firms. Against the backdrop of international operations, MNCs face new challenges in their international management, which entails an effective and systematic performance management for international assignees and foreign managers, as well as different local staff groups (Engle & Mendenhall, 2004). In other words, considering cross-cultural interpersonal qualities, foreign laws and customs, uncertain and unpredictable factors and the integration of host location with other subsidiaries, the challenge of performance management cannot be ignored in the operation of MNCs (Schuler et al., 2002).

Thirdly, from the perspective of home country employees in MNCs, as they are assigned for special projects and short-term or long-term stays in foreign countries, the performance management is more likely to be linked with the operation of entire organization, both the headquarters and the subsidiaries (Selmer & de Leon, 1997). From this point of view, performance management in MNCs is regarded as a significant issue at the interunit connection level of IHRM (Fulkerson & Schuler, 1992). So it seems that performance management is a pivotal means which connects the units in MNCs together. With effective
performance management, managers in subsidiaries can be tracked, evaluated and compared considering their managerial career development, future promotion decisions and compensation adjustments (Harzing, 2001).

Finally, from the perspective of MNCs, as each subsidiary pursues different missions, faces different institutional and cultural conditions and encounters different competition, it is imperative for them to establish a specific system of performance management with individual objectives for local managers (Briscoe & Schuler, 2004). Furthermore, to ensure the fairness in the operation of organisations, performance management is an irreplaceable factor to be taken into account through the cooperation between home-country and host-country managers. In a word, the success of performance management in MNCs is closely relating to the achievement of their strategic goals (Schuler et al., 2002). So that is why MNCs attach importance to performance management in their international operation.

Considering key factors, it is necessary to explore how performance management of IHRM influences the operation of MNCs. As a crucial practice of IHRM in MNCs, performance management is linked with many factors which have the impact on the achievement of strategic goals in MNCs. According to Murphy and DeNisi (2008), those factors include culture, institution, organisational structure, purpose of appraisal, performance standard, technology and reward systems. Table 2-12 below summarizes how key factors may influence performance management of IHRM in the operation of MNCs.

Table 2-12: Factors Influencing Performance Management of IHRM in MNCs

<table>
<thead>
<tr>
<th>Key factors affecting performance management</th>
<th>How does the factor influence performance management of IHRM in MNCs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture</td>
<td>a. Influence the style of performance management</td>
</tr>
<tr>
<td></td>
<td>b. To achieve the fit between performance management and culture: e.g.: a non-directive, participative and considerate culture tends to fit a partnership approach of performance management (Mendonca &amp; Kanungo, 1996)</td>
</tr>
<tr>
<td></td>
<td>c. Performance management can be applied in a cultural change program with emphasis on engagement and commitment (Law et al., 2000)</td>
</tr>
</tbody>
</table>
| Institution | a. Performance management has to keep in line with the political and institutional contexts  
b. A relatively steady institutional environment is more likely to result in a more structured and orderly type of performance management (Armstrong, 2006) |
|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Organisational structure | a. The relation between headquarters and subsidiaries in MNCs influences the system of performance management: e.g. a centralized organisational structure tends to implement a monolithic performance management  
b. The relation between managers and employees in MNCs influences the system of performance management: e.g. the in-group and higher quality interactions fit the performance management with involvement and empowerment (Harzing & Pinnington, 2011) |
| Purpose of appraisal | a. Purpose is based on the administrative operation such as performance evaluation and payment: managers are more likely to determine the data and style of performance management  
b. Purpose aims to provide feedback to organisations: the opinion of employee peers, subsidiaries, clients and customers are also taken into account such as the 360-degree appraisal (Harzing & Pinnington, 2011) |
| Performance standard | a. Clarify the performance standard to employees: employees will understand the measurement before they start the task  
b. When the performance standard is obscure to employees, it is difficult to keep track of their performance and may lead to some unpleasant surprises during evaluation (Bobko & Colella, 1994) |
| Technology | a. Make performance management easier and faster such as the application of Human Resource Information Systems (HRIS)  
b. Achieve instant information and feedback of employees with the computer-monitoring such as Computerized performance monitoring (CPM) (Bates & Holton, 1995) |
| Reward systems | a. Distortion may occur with fixed percentage of the team members  
b. Evaluation may only focus on the ability of managers to achieve targets or gain revenue  
c. The match between the subsidiaries' actual performance and the feedback provided by administrators (Murphy & DeNisi, 2008) |

*Source: Author’s own work based on Harzing & Pinnington (2011)*
2.6.2 The development and challenges of IHRM in Chinese MNCs in Africa

As a host country for international business, China has attracted the attention across the world. By September 2012, China's exports reached 186.35 billion U.S. dollars with an increased rate of 9.9 percent from 2011 while the amount of the foreign trade expanded to 2.84 trillion U.S. dollars, up 6.3 percent in 2011 (Xinhua, 2012). With regard to Africa, McKinsey Global Institute (2013) points out world investors cannot afford to ignore the value and potential of Africa as it offers the highest rate of return on foreign investment compared with any other developing region. The investment from China to Africa has increased rapidly. China has become the most important trade partner for Africa in 2009. With 85.319 billion U.S. dollars exports from China to Africa, the linkage between the two areas has become closer than ever before (IOSC, 2013). For instance, with the increase of consumption capacity in African market, the diversity of China's exports to Africa has also been improved (IOSC, 2013).

Chinese MNCs play a significant role in the investment in Africa. There are several reasons why Africa is chosen by Chinese MNCs to establish their subsidiaries. Firstly, the political relationship between China and Africa facilitates the development of Chinese MNCs (Alden & Davies, 2006). Compared with western counterparts, Chinese MNCs may not be competitive enough in the regions with open market. In Africa, however, they can maintain their advantages through government impact (Energy Compass, 2006). Considering the non-interference in domestic affairs, Chinese and many African governments have reached consensus to improve their cooperation which has accelerated the expansion of Chinese MNCs in Africa. Secondly, Chinese MNCs have significant advantages compared with the African companies (Alden & Davies, 2006). In order to be involved in the global supply chain, Chinese MNCs are attracted by the natural resources and productive materials in Africa. Unlike western counterparts, Chinese MNCs tend to implement a low-cost strategy in Africa with relatively low skilled labour and managerial costs so that they are able to maintain their economic advantages in the international market (Gu, 2009). The final reason is the economic diplomacy which links the political and economic advantages together. With economic diplomacy, many development projects and technical endeavours have been established with low interest rates, which characterize the investment and bidding processes of Chinese MNCs (Alden & Davies).
Since Chinese MNCs have expanded their operation and established subsidiaries in Africa, priority is given to their IHRM practices which are closely relating to the organisational performance and competitiveness (Edwards & Rees, 2011). As for the development of IHRM in Chinese MNCs, it can be divided into four periods (Gu, 2009). The first period is from the establishment of People's Republic of China in 1949 to the 1980s. During that time, only a few Chinese enterprises entered the African market with the human resources mainly assigned by the Chinese government (Zafar, 2007). In the second period from the 1980s to mid-1990s, some large state-owned enterprises (SOEs) from China began to invest in Africa with the support of diplomatic agenda, but the key positions and many skilled employees were still appointed by the government. Then, between the mid-1990s and 2000, SOEs entered the arena and primarily focused on the investment in natural resources, strategic assets and infrastructure with staff mainly coming from China together with some Chinese MNCs from the private sector which started to establish business in Africa (Gu, 2009). At this stage, the HRM in those companies was mainly the Chinese way, isolated from the local condition. The final stage is from 2000 until now, with the expansion of both Chinese SOEs and MNCs in the private sector. In the new era, some trade zones and industry parks have been set up in many African countries such as the Zambia-China economic and trade cooperation zone, the Ethiopia Eastern Industrial Park and the Nigeria Ogun-Guangdong Free Trade Zone (Brautigam & Tang, 2011). Under this condition, the cooperation between Chinese MNCs and local companies has been improved and more flexible practices and policies of IHRM have become prevalent than before (Horwitz & Smith, 1998). Table 2-13 below briefly summarizes the development of IHRM in Chinese MNCs in Africa.
Table 2-13: The Development of IHRM in Chinese MNCs in Africa

<table>
<thead>
<tr>
<th>Periods</th>
<th>Type of Chinese MNCs in Africa</th>
<th>Features of IHRM in Chinese MNCs in Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>1949-1980s</td>
<td>Only a few Chinese enterprises under the aid projects of the government</td>
<td>Mainly assigned and arranged by the Chinese government</td>
</tr>
<tr>
<td>1980s-mid 1990s</td>
<td>Some large Chinese state-owned enterprises (SOEs) with the diplomatic agenda</td>
<td>Key positions and many skilled employees appointed by the government</td>
</tr>
<tr>
<td>Mid 1990s-2000</td>
<td>SOEs expanded their business in Africa and some Chinese MNCs from the private sector started to establish business in Africa</td>
<td>The policies and practices of IHRM in Chinese MNCs tend to be isolated from local condition</td>
</tr>
<tr>
<td>2000 until now</td>
<td>The expansion of both Chinese SOEs and MNCs in the private sector</td>
<td>With the establishment of some trade zones and industry parks, the IHRM in Chinese MNCs is more connected with the local condition</td>
</tr>
</tbody>
</table>

Source: Author’s construct based on Gu (2009)

From the above exploration, it is clear that with the development of Chinese MNCs in Africa, the practices of IHRM in those organisations have also changed in accordance with the condition. However, with significantly different economic, institutional and cultural contexts between China and Africa, challenges have emerged as Chinese MNCs focus on their advantages and competitiveness in their global operation. As Chinese MNCs intend to export the IHRM practices with Chinese characteristics to Africa, they may attempt to pursue the standardisation of IHRM in their global operation (Horwitz et al., 2002). To ensure the effectiveness and efficiency in operation, Chinese MNCs may also take into account the specific contexts in host countries (Caligiuri & Stroh, 1995). According to Milliman et al. (1991), Chinese MNCs in Africa have to face the challenges in IHRM to cope with the overall standardisation of organisations and to overcome the economic, institutional and cultural constraints in host countries. In other words, the main challenge of Chinese MNCs in Africa is to rectify the imbalance between organisational standardisation and subsidiary-level
adaptation. Contextual factors which may influence the institutional context level including political instability and corruption, poor infrastructure and low purchasing power deteriorate the situation (Kamoche, 2011).

From the above discussion, it is clear that Chinese MNCs in Africa have experienced different periods of development and coped with many challenges. Their competitiveness and performance is also influenced by other factors (Morgan et al., 2001). In the next section, the practices of IHRM in Chinese MNCs in Africa will be analyzed and performance management of IHRM in Chinese MNCs in Africa will now be explored.

### 2.6.3 Performance management in IHRM in Chinese MNCs in Africa

With the characteristics of Confucian culture and Marxist institution as the software and hardware factors respectively, Chinese MNCs in Africa tend to place emphasis on a collectivist and relationship-oriented system of performance management. Especially after the implementation of 'Open Door' policy in 1978, Chinese MNCs have widely applied performance management in both the private and public sectors (Harzing & Pinnington, 2011). For instance, modern performance appraisal measures have been utilized in many Chinese SOEs to improve their competitiveness and productivity. Recently, Cooke (2008) has pointed out several main characteristics of performance management in Chinese MNCs in Table 2-14 below.
<table>
<thead>
<tr>
<th>Characteristics of performance management in Chinese MNCs</th>
<th>Content of the characteristic of performance management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deeply embedded in the Chinese cultural background</td>
<td>a. The respect for age and seniority</td>
</tr>
<tr>
<td></td>
<td>b. The focus on guanxi, face and harmony</td>
</tr>
<tr>
<td>Strongly influenced by the teamwork perspective</td>
<td>Advocate the group-based evaluations and feedback</td>
</tr>
<tr>
<td></td>
<td>rather than individual evaluations and feedback</td>
</tr>
<tr>
<td>More emphasis on behaviours and traits</td>
<td>Process-oriented rather than result-oriented</td>
</tr>
<tr>
<td>Regarding performance management as an administrative formality</td>
<td>The lack of utility and feedback of performance review to appraisers and appraisees so they may not be serious enough (Chou, 2005)</td>
</tr>
<tr>
<td>High levels of subjectivity in the assessment implemented by managers</td>
<td>a. Some employees tend to be rated and rewarded favourably</td>
</tr>
<tr>
<td></td>
<td>b. Managers have pressure to evaluate performance and distribute rewards as it may reduce the harmony in organisations</td>
</tr>
</tbody>
</table>

Source: Author’s construct based on Cooke (2008)

In Africa, Chinese MNCs take into account the social, cultural and institutional factors when implementing performance management of IHRM. On one hand, with the development of globalization and the influence of original country, performance management in Chinese MNCs tend to be standardized and towards that of Chinese characteristics. On the other hand, as workers are likely to form different attitudes and behaviours in practice in different country contexts, contextual factors may influence the implementation of performance management in Chinese MNCs in Africa (Chiang & Birtch, 2007). As cooperation between China and African countries increases recently, the transfer of performance management from Chinese MNCs to African subsidiaries has experienced rapid growth (Zafar, 2007). Operating in a different context, Chinese MNCs in Africa may design and implement performance management in accordance with the local condition and other factors (Chiang & Birtch, 2007). Those include culture, institution, business strategy and organisational structure respectively.
Firstly, to ensure the effectiveness of performance management in Chinese MNCs in Africa, importance is attached to the role of culture. According to Bailey and Fletcher (2006), the application of performance management has great implications of culture. For instance, the effectiveness of 360-degree feedback in performance management differs across the world. In Ireland, it can improve performance with a relatively low power distance of culture. While in China, it may result in the decline of performance in order to pursue organisational harmony and balance (Brutus et al., 2001). With the consideration of local culture, managers in subsidiaries may implement performance management without referring to the MNCs' home country policies. In the same way, employees will respond to policies of performance management on the basis of their cultural orientation (Mamman, et al., 2009). With regard to the influence of colonial history in Africa, performance management there is characterized by bureaucratic and ethnic features. Further, African masculine culture with collectivism and high power distance also influence performance management in Chinese MNCs. For instance, companies in Africa may prefer the group-oriented performance appraisal systems. In addition, Kamoche (2000) has pointed out that African countries tend to attach great importance to the issues of family and community. In other words, the African culture advocates altruism, benevolence, kindness and generosity. With the need of belonging and family relationship, it is necessary to take into account the well-being of others (House et al., 2004). Thus, in the practice of performance management, nepotism may be a characteristic of Chinese MNCs in Africa as managers are more likely to formulate policies which can bring benefits to themselves and family members of subsidiary host-country nationals (HCNs) (Mamman et al., 2009).

Secondly, institutional factors also exert an influence of performance management in Chinese MNCs in Africa. The state and government of African countries has implemented policy to attract cooperation with Chinese MNCs based on the strategic partnership, political equality, mutual trust and win-win cooperation (PRCMFA, 2006). However, considering the underdeveloped economic situation of Africa where the main concern is the basic need of life, employees may be more likely to attach great importance to monetary reward and career development (Graham & Leung, 1987; Debrah, 2004). In other words, staff member in Africa may pay more attention to the level of salary, personal growth and autonomy. Sometimes, money is regarded as the first career objectives of employees in MNCs in Africa (Kubo & Saka, 2002). From this point of view, performance management in Chinese MNCs in Africa is closely linked with employee development and the level of salary. With performance-based
reward systems, employees in Africa are stimulated to make effort to achieve the organisational goals (Baruch et al., 2004). In the practice of performance management, the appraisal systems of parent-country nationals (PCNs), host-country nationals (HCNs) and third-country nationals (TCNs) are connected to an equality issue. The policy of employee involvement in the evaluation process is also a positive method for Chinese MNCs to pursue organisational goals (Roberts, 1994). However, with insufficient and imperfect law and regulation systems, managers are reluctant to consider the opinions and fairness of employees (Mekonan & Mamman, 2003). Furthermore, performance management may be regarded as a symbol to meet the institutional demand instead of improving the performance (Abrahamson, 1991). Thus, to ensure the rights of employees in MNCs in Africa, attention is paid to the role of other international organisations such as trade union and NGOs. For instance, International Labour Organisation (ILO) has proposed the 'Decent Work' concept, which emphasizes the improvement of rights in workplace, social protection and dialogue (ILO, 1999). To work with ILO, states and MNCs in developing countries are able to promote labour standards with technical assistance and improvement policy (Rubery & Grimshaw, 2003). In Africa, those types of cooperation are closely relating to the human rights issues which focus on the payment standard of living wage. It can prevent the negative competition among under-developed countries with growing inequality and declining standard in the payment system (Chan & Ross, 2003).

Next, with regard to the law and regulation in African countries, fairness and corporate social responsibility (CSR) is also required to be taken into account especially for Chinese MNCs operating in the unfamiliar environment (Mamman et al., 2009). According to Idowu et al. (2013), CSR refers to the ‘codes of conduct’, the commitments and activities beyond the requirement by law. In other words, organisations focus on the ‘triple bottom line’ which strikes a balance between financial, social and environmental aspects. In addition, communication and cooperation with stakeholders, partners, NGOs and UN agencies is also necessary to improve the development of local community. There exists some conflict about Chinese MNCs in Africa as a kind of neo-colonialism, which is one of the most important reasons why Chinese MNCs begin to emphasize the CSR issue as it is closely linked with their international reputation and competitiveness (Cooke & He, 2010). In other words, because Chinese MNCs face the pressure of lower cost, higher standards of labour, market, source and environmental policies, especially in developing countries (Frenkel, 2001; Chan & Ross, 2003), the image and reputation in the global market is crucial for their survival.
Drucker (1993) has pointed out that economic performance is not the only responsibility of commercial organisations; on the contrary, they also have a responsibility to seek approaches to solve basic social problems in accordance with their competence. With the emphasis of CSR, MNCs make representations in order to respond to the society’s need and protect the welfare of the local community on one hand. On the other hand, it is also easier for them to recruit, develop, motivate and retain talents and professionals who intend to use their services for the development of local community (Cacioppe et al., 2008). Although there is a doubt that MNCs are not actually engaged into the CSR issues (Cooke & He, 2010), they have already been aware that CSR is closely linked with their competitive advantage, human rights, image and reputation. In addition, the advocacy for ‘sustainable development’ and ‘harmonious society’ by the Chinese government will also attract more attention to CSR from Chinese MNCs (State Council of the PRC, 2013).

Furthermore, performance management in Chinese MNCs in Africa is combined with their business strategies of the organisations which export IHRM practices from China to Africa. In this way, subsidiaries tend to implement business strategies to differentiate their products or services in accordance with the local market (Porter, 1980). To facilitate the operation, the practices and policies of performance management are also modified in accordance with the business strategy of organisations. On one hand, the ownership of Chinese MNCs makes their performance management different from each other. For example, Chinese MNCs from the public sector may focus more on the relationship between line managers and their subsidiaries than the private sector. That can be crucial to the effectiveness of performance management (Ovadje & Ankomah, 2001). On the other hand, the features of sectors of knowledge-intensive or labour-intensive businesses may also impose influence on the practices and policies of performance management. In other words, various targets of market-seeking or resource seeking can have effects on the transfer of performance management from Chinese headquarters to African subsidiaries (Cooke, 2012a). Thus, it is clear that business strategy links the performance management in MNCs with organisational competitiveness as different business strategies of MNCs and their subsidiaries exert influence on the practices and policies of performance management. With regard to the business strategies of Chinese MNCs in Africa, Figure 2-12 provides an overview of the sectors of Chinese MNCs operating in Africa.
The final factor which influences performance management in Chinese MNCs in Africa is the organisational structures. From the discussion in 2.3.1 above, organisational structures mainly incorporate multi-domestic structure, global structure, international structure and transnational structure (Bartlett & Ghoshal, 1989). With the application of different structures, the relationship between country of origin, host country and international integration differs from one another. First of all, the performance management in Chinese MNCs in Africa is influenced by the Confucian style in planning, acting, monitoring and reviewing as the organisations are embedded in the country of origin (Harzing & Pinnington, 2011). For instance, the majority of senior managerial positions are occupied by the parent-country nationals (PCNs) in Chinese MNCs in Africa. Secondly, the contextual situation in the host country interacts with the role of country of origin. Considering the transfer of IHRM practices from Chinese MNCs into Africa, performance management is kept in line with the local regulation and ideology. For

Source: Author’s own work based on Gu (2009).
instance, as the African attach importance to the welfare and relationship of the family members, nepotism is an issue to consider when implementing policies in performance management (Mamman et al., 2009). Last but not least, the international integration is also relating to the organisational structures. From this point of view, the similarity between the country of origin and host country plays a significant role. Specifically, both the Chinese and African societies place emphasis on the concept of relationship (Guanxi) and the maintaining of face (Mianzi). The system of allocation rewards in African subsidiaries can learn from headquarters in China as they tend to implement ethnocentric policy in performance management and fear losing face in the evaluation process (Luo, 1997; Bozionelos & Wang, 2007).

Based on the above discussion, the influential factors of performance management in Chinese MNCs in Africa incorporate culture, institution and law, business strategies and organisational structures. However, based on Section, 2.4.2, to ensure the efficiency and effectiveness of IHRM in MNCs, intercultural communication plays a crucial role considering the barriers imposed by ‘miscommunication’ in their global operation. For Chinese MNCs in Africa, the effectiveness of intercultural communication is also a key element influencing their performance management. The next section will explore this in further details.

2.6.4 The impact of intercultural communication on performance management of IHRM in Chinese MNCs in Africa

From Section 2.4.2, it is obvious that intercultural communication refers to communication among people from different cultural backgrounds at varying levels of awareness, seeking shared meanings in a symbolic, interpretive and contextual process (Schmidt et al., 2007). However, differences and variety can lead to barriers and ‘miscommunication’ in the process of intercultural communication (Guirdham, 2011). As Chinese MNCs in Africa have a diversified group of staff mainly including Chinese expatriates and local African employees, the effectiveness of intercultural communication may play a critical role to achieve their goals of performance management. In other words, to improve the transfer and meaning of performance management systems in Chinese MNCs in Africa, focus is placed on the role of intercultural communication in the process of performance management in their global operation.
From Section 2.6.1, performance management is divided by a circle, including planning, acting, monitoring and reviewing (Armstrong, 2006). Each step in the circle is closely linked with the effectiveness of intercultural communication considering the differences between Chinese headquarters and African subsidiaries to manage their international human resources. Firstly, in performance plan stage, employees work together with their line managers to set up goals and objectives. The criteria of target achievement will also be decided between them in this process (Armstrong, 2006). For a Chinese MNC operating in Africa, it is crucial for line managers from China to clarify the targets for staff through intercultural communication. The competency to adapt to new or ambiguous situations in Africa and to perform with the host society is a crucial element for Chinese managers to work in African subsidiaries. Furthermore, they also need to keep flexibility to discuss with employees from different countries to pursue their targets (Kealey, 1989; Zhao & Ober, 1991).

Next, for enacting goals and targets of performance management, line managers and employees work together to develop the goals and ensure the direction to achieve them all the way. They seek to show positive attitudes on staff and to encourage them. They also try to improve their skills for intercultural negotiation, conducting meetings, communicating decisions or making presentation. In this way, employees are more likely to develop confidence and potential so that the targets are more easily to achieve. Then, to monitor the process of target implementation, regular feedback from line managers to staff is important (Murphy & Cleveland, 1995). It is obvious that line managers need to understand the situations and feelings of employees and give them feedback in order to make sure they are working on the correct direction for the targets. Matrix management is also a significant method to monitor and give suggestion in the process of target achievement (Barlett & Ghoshal, 1990).

Finally, in the reviewing process of performance management, line managers need to respond to others and make judgements in an objective way so that standardizing of assessment can be achieved with potential rewards or penalties in the organisation (Harzing & Pinnington, 2011; Kealey, 1989; Zhao & Ober, 1991). In this process, managers also need to ensure the balance between relationship and target-achievement. In other words, a good working relationship in the organisation through teamwork and cooperation can facilitate the achievement of the goals, instead of highlighting self-centered performance.
Furthermore, Johnson et al. (2006) have pointed out the awareness of institutional ethnocentrism and cultural distance also influences the effectiveness of intercultural communication in performance management. Specifically, institutional ethnocentrism refers to the extent to which the headquarters impose the ways of working from the country of origin on the subsidiaries in MNCs (Hofstede, 2001). It is also relating to the forward diffusion and reverse diffusion of IHRM in MNCs in Section 2.4.3. For example, if an MNC imposes the way of IHRM in the home country, China, on the subsidiaries in Africa with little consideration of local contexts, the institutional ethnocentrism is high and forward diffusion from the headquarters to the subsidiaries is more direct in the process. As a result, it will reduce the effectiveness of the expatriate Chinese staff to work together with local employees. What is worse, if there is not enough organisational support, such as no indicators in performance management systems to encourage expatriates staff to cooperate with local colleagues to achieve goals.

Cultural distance and contexts is another factor relating to intercultural communication in the process of performance management in MNCs. Based on cultural contexts in Section 2.5.2, intercultural communication is not effective enough to apply low-context communication in a high-context culture or to use certain expression with little tolerance of ambiguity in all the culture contexts (Guirdham, 2011). For instance, a Chinese MNC may consider some allowance and flexibility in the process of goal setting for performance assessment and evaluation considering its culture, however, the subsidiaries, such as some countries in Africa, may regard it as inaccurate and not professional, or even unfair to assess their performance. So it may be difficult for them to accept and acknowledge the organisational culture of this Chinese MNC. Considering the four processes of performance management circle, institutional ethnocentrism and cultural distance and contexts, Kealey (1989) and Zhao & Ober (1991) point out that to ensure the effectiveness of intercultural communication in the practices of international human resource management, seven dimensions of communication competences are necessary for managers in MNCs, as Table 2-15 summarizes with questions and issues in practical contexts, which need to be addressed in relation to the research objectives.
Table 2-15: Communication Competences for Managers in MNCs in Practical Contexts

<table>
<thead>
<tr>
<th>Communication competences for managers in MNCs</th>
<th>Questions and issues to be addressed in practical contexts in MNCs relating to research objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adaptation to new or ambiguous situations in order to perform in accordance with the host society</td>
<td>How to improve the understanding and cooperation among international members in foreign subsidiaries of an MNC?</td>
</tr>
<tr>
<td>Showing respect and positive attitude on others in intercultural relationship and communication through eye contact, posture, voice, or etc.</td>
<td>How to ensure the equality and respect among staff from diversifying backgrounds and countries in different subsidiaries of an MNC?</td>
</tr>
<tr>
<td>Understand others’ situations and feelings through feedback</td>
<td>How to apply self-assessment and peers’ feedback in the performance evaluation system of an MNC for line managers to make decision?</td>
</tr>
<tr>
<td>Interaction management, such as intercultural negotiation, conducting meetings or communicating decisions for the international operation in organisations</td>
<td>How to improve the capabilities of managers in MNCs to work overseas, such as international business negotiation and impact of culture shock?</td>
</tr>
<tr>
<td>Responding to others and make judgements without discrimination</td>
<td>How to reduce the impact of personal impression and feeling when line managers do assessment in the performance evaluation system of an MNC?</td>
</tr>
<tr>
<td>Keeping flexibility to discuss with different people from different countries to achieve the same target</td>
<td>How to keep flexibility in an MNC amongst team member to achieve an outcome bearing in mind agreed flexibility or accepting the emergence of an informal outcome in flexibility?</td>
</tr>
<tr>
<td>Striking a balance between relationship and target-achievement considering the risk of self-centered perspectives</td>
<td>How to improve the understanding of the influence of group targets on individual’s salary and bonus in the performance evaluation system, considering the importance of teamwork and collectivism in Chinese MNCs?</td>
</tr>
</tbody>
</table>

Source: Author’s own work based on Kealey (1989); Zhao & Ober (1991).

The above sections discuss the four processes of performance management circle, development and challenges of performance management in Chinese MNCs in Africa and its
influential factors including culture, institutional issues, corporate social responsibility (CSR), business strategies and organisational structures. As there can be little doubt that performance management is not independent from other practices of IHRM, especially recruitment and selection and training and development, the next section will explore the interdependence of performance management with those practices and the crucial role of their relationship in the efficiency and effectiveness of IHRM in Chinese MNCs in Africa.

### 2.6.5 Recruitment & selection and training & development of IHRM and its relationship with performance management in Chinese MNCs in Africa

Considering IHRM practices in pragmatic contexts, each of them incorporates an independent area of responsibility in organisations and some even cover all areas, which requires managers to coordinate their responsibility and takes into account IHRM in a comprehensive way (Hope et al., 2005). Besides performance management, recruitment and selection, training and development, employee engagement, reward system, leadership and career development are key practices of HRM (McCourt & Eldridge, 2003). As Chinese MNCs in Africa are characterized by a diversified staff including Chinese expatriates, local employees and other international employees, a mixture of global and local resourcing and training programmes in both headquarters and subsidiaries are key issues which closely relating to the efficiency and effectiveness of IHRM. They also have a crucial relationship with performance management in Chinese MNCs in Africa (Harzing & Pinnington, 2011).

Operating in the globalization contexts, MNCs apply recruitment and selection policies and practices as broader indicators for their overall strategies (Sparrow, 2007). In other words, recruitment and selection policies and practices enable MNCs to attract and obtain global human resources catering for their specific needs and culture, which stimulate the achievement of organisational strategies (Zhu et al., 2011). Considering the significant role of recruitment and selection in MNCs, Bae and Rowley (2004) regarded it as one of the most important competencies of HR people. A capable HR in MNCs is able to conduct recruitment and selection activities according to organisational strategies and manage international employees through appropriate flexibility and outplacement. The effectiveness of recruitment and selection in MNCs are influenced by cultural distance or levels of differences between headquarters and subsidiaries, educational levels, living costs and political and economic environment in subsidiaries, industry sectors or development level of the organisations.
(Harzing, 2004). So to ensure the accordance between recruitment and achievement of organisational targets, MNCs focus not only on the selection policies and practices of expatriates, international managers and talents, but also on more flexible methods, such as virtual teams (Scullion & Collings, 2006).

Against this backdrop, employees in MNCs are regarded as an international resource leading to achieve international business strategies for their organisations (Briscoe & Schuler, 2004). Sparrow (2007) has divided them as,

- Contract expatriates from the headquarters
- Short-term or intermediate term foreign postings
- Permanent global managers
- Employees on long-term business trips
- International transferees (travelling among subsidiaries or representative offices)
- Virtual international team for cross-border projects
- Technological Staff member in geographically remote centres of excellence serving global operations and services
- Domestically based employees dealing with overseas customers, suppliers and partners
- Immigrants attracted to a national labour market

Based on this catalogue, recruitment and selection policies and practices in Chinese MNCs are linked with their organisational strategies with questions and issues that need to be addressed in practical contexts relating to the research objectives in Table 2-16 below.
Table 2-16: Recruitment Policies and Practices in MNCs and their Relationship with Organisational Strategies

<table>
<thead>
<tr>
<th>Employee Catalogue</th>
<th>Organisational Strategies</th>
<th>Recruitment Policies and Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Expatriates from headquarters to work overseas</td>
<td>Capturing market share in the global environment</td>
<td>How to recruit new staff or encourage Staff member in the headquarters to work overseas?</td>
</tr>
<tr>
<td>Short-term or intermediate term foreign postings</td>
<td>Improving the level of localization and save costs for expatriates, such as settlement or visa application</td>
<td>How to help local staff or expatriates to work in the subsidiaries for short or intermediate terms?</td>
</tr>
<tr>
<td>Permanent global managers and immigrants attracted to a national labour market</td>
<td>Attracting global talents and enhancing competitiveness of the organisation compared with its counterparts</td>
<td>How to attract global leaders or talents to join the organisations from their competitors?</td>
</tr>
<tr>
<td>Employees on long-term business trips and international transferees (travelling among subsidiaries or representative offices)</td>
<td>1. Helping important projects with strategic partners; 2. Monitoring policy diffusion in subsidiaries and ensuring strong implementation force in the organisation</td>
<td>How to recruit new staff or encourage Staff member in the headquarters to work overseas for long-term or for specific strategies or projects?</td>
</tr>
<tr>
<td>Virtual international team for cross-border projects</td>
<td>Ensuring and monitoring the progress and success of crucial projects and organisational change strategies</td>
<td>How to establish a virtual team and encourage them to cooperate together for crucial projects or organisational change strategies?</td>
</tr>
<tr>
<td>Technological Staff member in geographically remote centers of excellence serving global operations and services</td>
<td>Offering technological support to subsidiaries across the world and ensuring the transfer of new technology globally</td>
<td>How to recruit new staff or encourage Staff member in the headquarters to work in the technological departments or to offer support to the global operations of the organisations?</td>
</tr>
<tr>
<td>Domestically based employees dealing with overseas customers, suppliers and partners</td>
<td>1. Monitoring policy diffusion in subsidiaries and ensuring strong implementation force in the organisation 2. Keep standardized procedures of systems and management in the organisation</td>
<td>How to recruit new staff or encourage Staff member in the headquarters to work for the international business of the organisations and to improve their communication with global customers, suppliers or partners?</td>
</tr>
</tbody>
</table>

*Source: Author’s own work based on Sparrow (2007).*
However, besides the above methods of recruitment and selection, Chinese MNCs apply two other channels to select employees working in African subsidiaries. One targets family members or partners of expatriate employees in Africa and the other gives priority to students with an overseas education background. Specifically, to reduce the costs of settlement and visa application in foreign subsidiaries, the Chinese MNC prefers to recruit family members or partners of the expatriate staff working in African subsidiaries. Compare with other applicants, they have more stability for turnover and low-income expectation as their family or partners are already in the African subsidiaries and their costs for living there is relatively low. For students with overseas education background, they are more competitive than their counterparts only studying in China since they tend to be more adaptable to foreign business, cultural, political environment.

As for training and development in MNCs, Debrah & Rees (2011) have pointed out that, to ensure the competitiveness of MNCs in global environment, human resource development (HRD) for leaders and expatriate employees plays a significant role. Especially in developing countries, the rapid and fundamental changes have imposed great pressure and challenges on MNCs there to operate in the global market considering multinational suppliers, clients and employees. Against this background, leaders and managers as new competitive advantages of MNCs, play an increasingly determinant role in their success or failure (Black et al., 1999; Deresky, 2008). Recognizing the importance of global human resource training and development, MNCs begin to focus on transnational HRD interventions, global management development, cross-border knowledge sharing and learning communities (Metcalfe & Rees, 2005; Iles & Yolles, 2003). The key programs and activities incorporate cross-cultural training, international business negotiation, foreign language support and relocation allowance. To explore it in a more specific way, Figure 13 below manifests main issues of global HRD with a comparison of comparative HRD and National HRD.
On one hand, as MNCs depend on a competitive global management team to ensure the success of their international operation, Deresky (2008) pointed out that the group of managers in or from several countries cooperate together for one target or result achievement. To coordinate teamwork and collaboration, global training programs for leaders and managers in MNCs are necessary to improve their competencies, such as intercultural awareness and communication, global networking, empowering, managing uncertainty, behavioural flexibility, environmental sense-making, managing ethical issues or etc. (Mendenhall & Osland, 2002). For instance, in J.P. Morgan, an American multinational banking and financial service corporation, to improve the competencies and competitiveness of its global leadership, the organisation has global training projects. In the ten-week project, employees from the U.S. work together with their counterparts in Asia, Africa, and Europe from different subsidiaries. They sit in one room for the project to discuss the global ‘best practices’ for their business and service. On the other hand, global training and development also focuses on the competency improvement of employees throughout different levels in MNCs, especially expatriate staff who live and work in foreign subsidiaries (Caligiuri et al., 2005). There are several reasons why expatriates play a significant role in global operation of MNCs. Firstly, they can occupy positions which cannot be filled by local staff member in the subsidiaries, especially in the financial or human resource departments. Then they are also regarded as agents for
information, policies and practices transfer from headquarters to foreign subsidiaries. At the same time, they can enhance managerial skills and competitiveness as the knowledge repertoire of MNCs (Collings et al., 2007). Thus, there is little doubt that expatriates play a crucial role to achieve global strategic goals in MNCs as they need appropriate capability to respond and function in different cultural situations (Molinsky, 2007).

As training and development for local employees in subsidiaries of MNCs is closely linked with the overall competitiveness of the organisations, especially in developing contexts, such as Africa. MNCs implement two main modes for local employees to gain knowledge and training, which are formal education and learning by performance. Specifically, formal education refers to training projects or programs developed by formal institutions such as secondary and vocational schools, or even universities. Learning by performance means transferring tacit or experiential knowledge in MNCs through practical performance. A Chinese MNC in the telecommunication sector, as an example, provides formal education to ingredient staff across the world in the ‘Corporate University’ located in China. At the same time, it also offers practical training and knowledge to them through projects or tasks by their line managers or personal tutors. In addition, the development level of local capability influences training and development in MNCs as well (Kokko & Kravtsova, 2008). For instance, in an African subsidiary of a Chinese MNC, training programs for local Staff member include basic mathematics knowledge and computer skills considering specific education and capability level there.

With the discussion of recruitment & selection and training & development policies and practices in Chinese MNCs in Africa, there is little doubt they are interdependent with the efficiency and effectiveness of performance management. Firstly, to encourage Chinese expatriates to work in African subsidiaries or representative offices, Chinese MNCs connect recruitment policies with performance management. For example, they provide extra bonus and subsidies to encourage staff working overseas besides salary, especially in Africa, South America or India. They also help family or partners of those expatriates to settle down there. Furthermore, staff with working experience in arduous regions has more priority and opportunity for their further career development and promotion in MNCs. Next, performance evaluation and feedback also influence recruitment policies and strategies in MNCs. For instance, as performance evaluation and feedback shows that young staff from rural areas is more hardworking even than graduates from top-universities, so the MNC prefers to recruit
new employees born in rural regions. Considering students with overseas educational background are more resilient to new environment, MNCs have specific recruitment projects targeting at Chinese overseas graduates.

Secondly, in the systems of performance management in Chinese MNCs in Africa, training and development is another crucial part connected with their performance evaluation. In a Chinese telecommunication MNC, the third section in its performance management systems is called ‘plan for capability training and development’. Based on the evaluation of performance indicators in the systems, employees do self-assessment together with line managers to make plan for their future training and development in the ‘Corporate University’ or online resources, which improves their competitiveness and capability of goal-achievement. In addition, for local employees who worked in the subsidiaries of Chinese MNCs in Africa, training opportunities in the organisations, especially in Chinese headquarters, are regarded as reward and retention policies to encourage them. Chinese MNCs select local staff with good performance in African subsidiaries and send them back to ‘Corporate University’ in China for training as an award to them. Some African employees even give up opportunities in western MNCs to work in Chinese ones for experience and training with specific Chinese characteristics. Table 2-17 and 2-18 below manifest the relationship of IHRM practices considering the practical contexts in MNCs.

Table 2-17: Relationship between Performance Management and Recruitment & Selection in MNCs

<table>
<thead>
<tr>
<th>Questions and Issues in MNCs</th>
<th>Policies and Practices of IHRM in MNCs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questions and issues of performance management in MNCs</td>
<td>How to apply performance management to encourage staff to work overseas, especially in under-developing areas, such as Africa, South America or India?</td>
</tr>
<tr>
<td>Questions and issues of recruitment &amp; selection in MNCs</td>
<td>How to recruit and select staff to work overseas, especially in under-developing areas, such as Africa, South America or India?</td>
</tr>
</tbody>
</table>

*Source: Author’s own work.*
Table 2-18: Relationship between Performance Management and Training & Development in MNCs

<table>
<thead>
<tr>
<th>Questions and Issues in MNCs</th>
<th>Policies and Practices of IHRM in MNCs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questions and issues of performance management in MNCs</td>
<td>How to apply the performance management systems to improve training opportunities and the effectiveness of training to expatriate staff member in MNCs?</td>
</tr>
<tr>
<td>Questions and issues of training &amp; development in MNCs</td>
<td>How to improve training opportunities and the effectiveness of training to expatriate staff member in MNCs?</td>
</tr>
</tbody>
</table>

Source: Author’s own work.

The relationship between performance management and recruitment & selection and training & development in Chinese MNCs in Africa can be summarised from the above exploration. As reward management and system is also interdependent with performance management and plays a crucial role in the efficiency and effectiveness of IHRM in Chinese MNCs in Africa, the next section focuses on the role of reward management and its relationship with performance management in Chinese MNCs in Africa.

2.6.6 Reward management of IHRM and its relationship with performance management in Chinese MNCs in Africa.

After exploring the relationship between performance management and recruitment & selection and training & development in Chinese MNCs in Africa, another practice of IHRM and its relationship with performance management cannot be ignored, which is the reward management. As when organisations operating in practical contexts, rewards play a significant role in influencing employees and improving their performance, the application of effective reward management is regarded as a crucial tool to encourage staff’s motivation and performance (Bartol & Durham, 2000; Eisenberger & Aselage, 2009; Garber & Konradt,
2014). For example, rewards are applied in the education system to praise and encourage students to learn more (Covington & Mueller, 2001). In the healthcare sector, organisations implement different pay-for-performance schemes or team-based incentives for staff to provide better services to their patients (Van Herck et al., 2010). So when implementing effective reward management, organisations are able to reduce costs as they provide rewards to employees based on their value and to improve their performance at the same time. Furthermore, reward management also enables organisations to offer specific rewards to different individuals, which facilitate the recruitment and retention of best employees (Lovewell, 2010; Nazir et al., 2012). Besides practical contexts, academia attaches great importance to reward management and its impact on performance management as well. Armstrong & Brown (2009) have pointed out that financial rewards, on one hand, can influence employees’ decisions on joining or staying in organisations. It can also improve their performance integrated with other HR practices, such as recruitment and retention. On the other hand, non-financial rewards can provide intrinsic or extrinsic motivation to employees, which makes impact on their engagement and enhance their performance. In addition, many researchers have recently justified the relationship between rewards and performance management in organisations through qualitative and quantitative methodology (Rowland & Hall, 2013; Cerasoli et al., 2014; Garber & Konradt, 2014; Caza et al., 2015; Hendijani et al., 2016). Against this backdrop, this section focuses on the role of reward management and its relationship with performance management in Chinese MNCs in Africa.

According to Armstrong (2010), reward management refers to the strategies, policy and processes to improve the value of people and the recognition and encouragement of their contribution to the achievement of organisational or team targets. The fundamental issue of reward management is people in an integrated and evidence-based system, aiming to achieve the targets of both the organisation and other stakeholders in a fair, equal and consistent way (White, 2005). More specifically, it can be financial rewards, such as pay raises, bonus plans or stock options, and non-financial ones as well, such as recognition, career development opportunities, learning and increased job responsibilities (Garber & Konradt, 2014). Through key processes of system design, implementation and maintenance, reward management makes job assessment and evaluation, designs grade and payment systems, facilitates performance management processes and provides benefits to employees based on their contribution to the team or organisations (Armstrong, 2010).
Ghoshal and Bartlett (1995) have pointed out that the main objective of reward management is to add value to people. It is also applied to facilitate the achievement of organisational goals, the development of organisational culture, the satisfaction of employee needs and the engagement and retention of high-quality employees. To fulfill those objectives, organisations, firstly, need to establish a reward philosophy, as a set of principles to recognize the value of human capitals and to enact reward practices. Then when organisations implement reward management, distributive and procedural justice is another crucial factor to be considered (Konovsky, 2000; Colquitt *et al.*, 2012). Distributive justice refers to the evaluation on the fairness of result decision, while procedural justice focuses on the fairness of how contribution calculation is implemented. For example, when employees make judgement on whether they are distributed an appropriate amount for their retirement saving, it is the distributive justice. On the other hand, for procedural justice, employees evaluate the process of how their contribution and payment is calculated, instead of the contribution or payment itself (Caza *et al.*, 2016). The next issue to be considered in order to ensure the achievement of reward objectives is contextual factors. In details, those factors include internal context, such as organisational culture, business sector and strategy, work environment and staff preference. On the contrary, external context refers to the global background, rates of pay in the market, economic or social development and legal policies and practices (Armstrong, 2010).

In addition, several fundamental concepts influence the achievement of reward objectives. They are the resource-based view, human capital management, motivation theories and psychological contract (Armstrong, 2010). As the main objective of reward management is to add value to people (Ghoshal & Bartlett, 1995), Boxall (1999) holds that human resources in an organisation are its competitive advantage which is hard to imitate and substitute. In other words, human resources are human capital advantages of organisations with valuable knowledge, skills, abilities, attitudes and experience to accomplish organisational goals (Huang *et al.*, 2002). Based on this view, Chatzkel (2004) indicates human capital management with effective reward incentives is an integrated method to manage and to develop human capabilities in organisations to achieve higher levels of performance. It can create value for organisations through people (Kearns, 2005). Then, for motivation, it is a joint function driven by internal psychological processes and environmental factors and one of the most important external factors is reward (Kozlowski, 2012). Motivation theories explain how money and other types of rewards influence employees’ motivation to work and
the relationship among their rewards, job satisfaction and performance. So it can help organisations to develop their performance management based on employees’ value and choice through financial and non-financial rewards (Armstrong, 2010). The last concept is psychological contract, which is a reciprocal system referring to the actions both employees and employers think are expected for each other and the responses they expect from each other (Guest, 2007). Through appropriate reward and performance management, expectations of both employees and employers can be achieved with clarification of competency requirement and value evaluation (Armstrong, 2010).

Based on the above discussion, it is obvious that reward management is closely linked with performance and the achievement of high performance. For individuals, reward management can improve their awareness of high performance and encourage them to meet expectations (Armstrong, 2010). In the organisational level, it can influence the organisational performance as human capitals are motivated and more engaged to provide increasing stakeholder value and capabilities, especially for the knowledge-based organisations, such as MNCs in the hi-tech sector (Allen & Helms, 2001). Summing up, Figure 2-14 below is a framework of reward management and key issues relating to performance management.
In accordance to Figure 2-13, it is clear that reward policies and practices are closely linked with performance management, especially in the process to develop high-performance culture, innovative climate and organisational performance (Armstrong, 2010). In Chinese MNCs in Africa, reward policies and practices also have great impact on their performance management when they operate globally. From an individual level, rewards are regarded as one of the main categories of extrinsic motivators to improve performance of employees (Hendijani et al., 2016). In MNCs, staff are motivated to achieve certain goals and targets. If
those goals and targets are achieved through improved performance, they will be rewarded by several policies and practices, such as bonus, share, training opportunities, promotion, and job responsibilities (Armstrong, 2010). Considering the diversity of Staff member in MNCs, organisations implement specific rewards policies and practices to make sure they are consistent with different local contexts and culture on a global and local scale. In order to add value to Staff member in MNCs, they develop integrated rewards with technology tools to enhance employee accountability, flexibility, attraction, and retention based on the business strategy of their organisations (White, 2005). Figure 2-15 below makes a summary of rewards in MNCs from financial to non-financial ones.

Figure 2-15: Global Reward Management in MNCs


On the other hand, at the organisational level, MNCs are required to take full advantages of the potential of their employees to improve their flexibility and competitiveness in the global
markets, so it is significant for MNCs to establish an organisational environment to release high performance of their employees (Camp, 1995; Appleby & Mavin, 2000). As a method of human capital investment and to improve their advantages in global competition, it gives reasons for why MNCs attach great importance to their rewards management. To develop the performance of employees in MNCs through reward management, CIPD (2016) gives instructions in a Profession Map. Table 2-19 below demonstrates it with key practices which link reward management with performance management in MNCs.

Table 2-19: Practices Linking Reward Management with Performance Management in MNCs

<table>
<thead>
<tr>
<th>Practices of reward management in MNCs</th>
<th>Relationship of the practices with performance management in MNCs</th>
</tr>
</thead>
</table>
| Identify requirements and develop strategy | • Analyse data and performance and reward information on individuals or groups to support organisational plan and strategy  
• Cooperate with managers to link pay and reward with other practices, such as training, careers development and performance management |
| Consider labour diversity and legislation compliance | • Analyse reward data and identify the requirement of legislation, especially when linking with performance implementation and evaluation  
• Spot unjustifiable differences that result in discrimination of reward management to improve employees’ performance |
| Implement international and individual-tailored pay and reward practice | • Provide data and analysis for HR or reward managers for tailored reward packages for individuals from leadership level to basic level  
• Implement and develop international and expatriate reward plan to improve employees’ performance according to organisational strategy |
Improve communication and performance culture

- Develop communication to ensure the transparency and clarification of reward philosophy and key messages so that performance management is on the right track
- Design and combine reward package to attract, engage and retain employees
- Evaluate and assess pay and reward practices to improve employees’ performance


Summing up, the above section discusses the significant role of rewards management and its relationship with performance management in MNCs. It explores the aim, objectives, approaches and fundamental concepts of reward management and its relationship with performance management in MNCs through their global reward policies and practices.

This section focuses on performance management, its four processes, key factors which influence its effectiveness in MNCs. Then the context narrows down to the development and challenges of performance management in Chinese MNCs in Africa. Finally, the relationship between performance management and recruitment & selection, training & development and reward management are discussed in this context. Based on the critical literature review, Template One below illustrates an integrative framework to explore the nature and impact of the practices of IHRM in Chinese MNCs in their headquarters and in African subsidiaries, specifically factors that impact on performance management.
Template One: The Conceptual Framework of Performance Management in Chinese MNCs in Africa

Three Orientations of IHRM
- Adaptive
- Explorative
- Integrative

Globalisation

The emergence of multinational corporations (MNCs)

The significant role of international human resource management (IHRM) in Chinese MNCs in Africa

External factors influence IHRM in Chinese MNCs in Africa

IHRM in Chinese MNCs in Africa: Understanding the balance between standardisation and localisation

Hardware' factors influence IHRM in Chinese MNCs: The institutional and legal factors which influence Chinese MNCs in Africa

Software' factors influence IHRM in Chinese MNCs: Cultural differences and contexts which influence Chinese MNCs in Africa

Internal factors influence IHRM in Chinese MNCs in Africa

The business strategies of Chinese MNCs in Africa

The operational structures of Chinese MNCs and capability of local labour in African subsidiaries

The forward and reverse diffusion of IHRM practices in MNCs

Strategic goals of IHRM in Chinese MNCs in Africa: Local responsiveness, Efficiency, Integration

Recruitment and selection in IHRM practices in Chinese MNCs in Africa

Performance management in IHRM practices in Chinese MNCs in Africa

Reward management in IHRM practices in Chinese MNCs in Africa

Source: the author's own work
Chapter Two explores IHRM policies and practices in MNCs in the globalization context and focuses on the role of their headquarters in the PRC context and its influence on overseas operations. Then it focuses on the transfer of IHRM policies and practices in MNCs from Chinese headquarters to their African subsidiaries. To operationalize the research, performance management is chosen as a proxy for IHRM policies and practices. To ensure the implementation of effective performance management in Chinese MNCs in Africa, several factors are considered. They include culture, institution, business strategies and organisational structures.

Specifically, the development of globalisation has facilitated the emergence of multinational corporations (MNCs). To pursue their strategic goals of local responsiveness, efficiency and integration, MNCs take into account the significance of international human resource management (IHRM) in the process of forward and reverse diffusion. On one hand, some MNCs bring the developed technique of management from the country of origin to foreign subsidiaries when a Chinese MNC transfers its policies and practices of IHRM to subsidiaries in Africa. On the other hand, some MNCs absorb the advanced theories and experience of developed subsidiaries and transfer them to the headquarters. For instance, Chinese MNCs adapt the theories and practices of IHRM from European subsidiaries to their Chinese headquarters. With the increase of Chinese MNCs in Africa, the success of their operation may be closely related to their successful practice of IHRM. As a proxy for this practice, performance management is chosen to be explored in this study in the context of external and internal factors which influence IHRM in Chinese MNCs in Africa. The external contextual factors include institution and culture, as the hardware and software factors, respectively. The institutional factor is explored with reference to the specific Chinese characteristics while the cultural factor is also understood to be influenced by the Confucian values. The internal contextual factors include business strategies and operational structures in organisations. Business strategies refer to policies and practices organisations implement to differentiate their products or services from others in accordance with their characteristics. While operational structures are the relationship between headquarter and subsidiaries of Chinese MNCs in Africa. Besides internal and external factors, intercultural communication is another significant element that may influence the efficiency and effectiveness of performance management in Chinese MNCs in Africa. Last but not least, three important practices of IHRM in MNCs, recruitment & selection, training & development and reward management, and their linkage with performance management are also discussed in the framework.
Summing up, based on the literature review in this chapter and Template One as the theoretical framework, key issues under investigation in this research are identified to explore the effectiveness of performance management of IHRM in Chinese MNCs in Africa. This effectiveness concerns the transfer of performance management practices in Chinese MNCs from their headquarters to African subsidiaries, and highlights the influence of issues related to the research objectives and questions in Chapter One. Table 2-20 lists those issues to be investigated as a summary of this chapter on the foundation of Template One as based on the research objectives and questions.

Table 2-20: Research Focus and Issues under Investigation based on Key Theoretical Framework

<table>
<thead>
<tr>
<th>Research Focus and Issue</th>
<th>IHRM Practices</th>
<th>Key Theoretical Framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>IHRM practices in Chinese MNCs in Africa</td>
<td>a. Performance management</td>
<td>Performance management cycle and influential factors (Armstrong, 2006; Schuler et al., 2002; Cooke, 2008)</td>
</tr>
<tr>
<td></td>
<td>b. Recruitment and selection</td>
<td>International employee strategy (Sparrow, 2007)</td>
</tr>
<tr>
<td></td>
<td>c. Training and development</td>
<td>Global human resource development (GHRD) (Metcalfe &amp; Rees, 2005)</td>
</tr>
<tr>
<td></td>
<td>d. Reward management</td>
<td>Global reward management (White, 2005)</td>
</tr>
<tr>
<td>Issues under Investigation</td>
<td>Key Theoretical Framework</td>
<td></td>
</tr>
<tr>
<td>a. The transfer of IHRM practices</td>
<td>The forward diffusion and reverse diffusion of IHRM in MNCs (Zhang &amp; Edwards, 2007; Edwards &amp; Rees, 2011)</td>
<td></td>
</tr>
<tr>
<td>b. Organisational structure</td>
<td>Organisational structure in MNCs (Bartlett &amp; Ghoshal, 1989)</td>
<td></td>
</tr>
<tr>
<td>c. Intercultural communication</td>
<td>Barriers to intercultural communication (Guirdham, 2011)</td>
<td></td>
</tr>
<tr>
<td>d. Business strategy</td>
<td>Ownership and different sectors of Chinese MNCs in Africa (Gu, 2009)</td>
<td></td>
</tr>
<tr>
<td>f. Institutional and legal factors</td>
<td>Six institutional factors of IHRM in Chinese MNCs (Cooke, 2012)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s own work.
Considering the above frameworks and the effectiveness of the performance management system in Chinese MNCs, a desired outcome of this study to meet research objectives is to explore the criteria by which the effectiveness of Performance Management System can be assessed in Chinese MNCs in Africa. In order to achieve a comprehensive understanding, this research draws on the experience of one case, Huawei, a Chinese MNC in the telecommunications sector and focuses on a specific context with data from Huawei’s headquarters in Shenzhen, China and one of its African subsidiaries in Accra, Ghana. Chapter Three gives more details on the choice of Huawei as a research subject based on an analysis of its business strategies, contexts, growth potential and change development.
CHAPTER THREE: RESEARCH CONTEXT AND BACKGROUND---PERFORMANCE MANAGEMENT OF IHRM IN HUAWEI, A CHINESE HI-TECHNOLOGY MULTINATIONAL CORPORATION

3.1 The Introduction of Huawei

The organisational context of this research is Huawei, a multinational telecoms corporation. Established in 1987 in Shenzhen, China, Huawei has grown rapidly to become one of the largest and best-known Chinese MNCs in the world. There are over 150,000 employees in Huawei and nearly 30,000 are working overseas. In 2013, the annual turnover of Huawei was about $ 38.5 billion (Baidu Baike, 2013). As for the amount of Huawei’s foreign sales, Figure 3-1 below offers comparative details.

Figure 3-1: Foreign Sales in the Top 10 Chinese MNCs in May, 2014.

<table>
<thead>
<tr>
<th>Company</th>
<th>Foreign sales, $bn</th>
<th>As % of total</th>
<th>Ownership</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sinopec</td>
<td>126</td>
<td>27</td>
<td>State</td>
<td>Chemicals and refining</td>
</tr>
<tr>
<td>PetroChina</td>
<td>123</td>
<td>34</td>
<td>State</td>
<td>Energy</td>
</tr>
<tr>
<td>Huawei</td>
<td>25</td>
<td>65</td>
<td>Employees</td>
<td>Telecoms equipment</td>
</tr>
<tr>
<td>Lenovo</td>
<td>19</td>
<td>57</td>
<td>Private</td>
<td>Technology</td>
</tr>
<tr>
<td>Fosun</td>
<td>17*</td>
<td>37</td>
<td>Private</td>
<td>Conglomerate</td>
</tr>
<tr>
<td>CNOOC</td>
<td>15</td>
<td>33</td>
<td>State</td>
<td>Energy</td>
</tr>
<tr>
<td>Wh Group</td>
<td>13</td>
<td>62</td>
<td>Private</td>
<td>Food production</td>
</tr>
<tr>
<td>Haier</td>
<td>7</td>
<td>25</td>
<td>Employees</td>
<td>Household appliances</td>
</tr>
<tr>
<td>ZTE</td>
<td>6</td>
<td>53</td>
<td>State</td>
<td>Telecoms equipment</td>
</tr>
<tr>
<td>Sany</td>
<td>2</td>
<td>30</td>
<td>Private</td>
<td>Diggers</td>
</tr>
<tr>
<td>Alibaba</td>
<td>1</td>
<td>12</td>
<td>Private</td>
<td>Internet</td>
</tr>
</tbody>
</table>

Source: Companies; Bloomberg; The Economist estimates

According to the statistics from Economist, the percentage of foreign sales in Huawei is the highest among all the Top 10 Chinese multinational corporations, accounting for 65% of total sales, although Sinopec and Petro-China have larger gross foreign sales amounts. Compared with the giant state-owned enterprises, Sinopec and Petro-China, the first two Chinese MNCs on the list, Huawei is emerging from private ownership to be an employee-owned organisation. The private ownership dimension indicates that it is more convenient for this research to collect data and to do analysis in Huawei when considering the issues of
confidentiality and governmental policies, which can constrain research in SOEs such as Sinopec and Petro-China. Furthermore, while most MNCs on the list are in the infrastructure or traditional sectors, such as energy, chemical or white goods, Huawei focuses on the hi-tech sector, in telecoms equipment, which is a sector with recently rapid development and with a more open communication culture. These and other aspects of access are among the reasons for selecting Huawei for this case study.

With an outstanding pattern development in the past decade, Huawei, as the most successful private multinational corporation in China, has drawn attention of the world. The ambitious CEO of Huawei, Ren Zhengfei set a promising target for the organisation in 2009, that is, Huawei would play an irreplaceable role in the global tele-communication industry and account for one-third share in the market ten years later (Cheng, 2013). To pursue this target, six core values were adapted in Huawei, including, customer first, dedication, continuous improvement, openness and initiative, integrity and teamwork (Official Website of Huawei, 2014). Customer first refers to give priority to the need and requirement of customers and to link the success of the organisation with customers’ success. Dedication is closely related to the capabilities of Huawei as the organisation tries to give the best services to customers. It also rewards staff in accordance with their contribution (Zhang & Wen, 2013). Continuous improvement is a process to communicate with customers and employees in order to improve in Huawei. Then, based on customers’ need, Huawei places emphasis on the importance of innovation in an open manner (Zhang & Wen, 2013). Next, integrity refers to the ethical codes of practice in Huawei. It also focuses on the issues of Corporate Social Responsibility (CSR) in Chinese Multinational Corporations (Cooke & He, 2010). Finally, Huawei gives priority to cross-cultural cooperation, inter-department collaboration and strategy of ‘group improvement’. The success of Huawei is deeply embedded into the teamwork spirit of the organisation (Cheng, 2013). Figure 3-2 below demonstrates the values graphically.
Based on the six core values in Huawei, key aspects are developed to pursue success in the organisation including the management strategy, human resource management, organisational culture and research and development (R&D) (Zhang & Wen, 2013). Firstly, Huawei claims it has a specific management model. The organisation combines its own Chinese and organisational characteristics with these from international contexts. For instance, it has cooperation with some first-class consultancy enterprises for organisational change and development in areas including human resource management, accounting management and quality management with companies, such as IBM, the Hay Group and PwC (Official Website of Huawei, 2014). In accordance with the foreign policy of Chinese government, Huawei implements its marketing strategy summarized as ‘Survive, go out, and go up’ (State Council of the PRC, 2013). With a specific international strategy, Huawei has gained a foothold in the competitive global market. The former CEO of Huawei, Ren Zhengfei links the military arts of Chairman Mao to the marketing strategy in Huawei, such as ‘giving priority to the most important areas’, ‘putting all the eggs in the same basket’ or the ‘pressure principle’. He advocates a ‘focus strategy’ to concentrate human and finance resources in the most important areas to make breakthrough (Cheng, 2013).

Huawei appears to attach great importance to the value of its human resource and staff competitiveness, called ‘the wolf culture’, a metaphor which has positive connotations in Chinese culture. It incorporates three main issues, sharp insight, proactive and continuous work and teamwork. As Ren Zhengfei says: ‘One of the aims of our organisation is to train staff to have this spirit’ (Cheng, 2013). He holds that a sharp insight of the wolf culture enables staff member in Huawei to respond rapidly to the changeable and competitive global
market and to meet clients’ requirement (Zhang & Wen, 2013). Secondly, like a group of ‘wolf’, employees need to be hardworking and ambitious to make sure the achievement of their goals no matter how difficult the conditions are. Furthermore, ‘teamwork’ is another significant value of ‘the wolf culture’ in Huawei, which is also influenced by the ‘collectivism’ in the Confucian Culture prevalent in China (Yu, 2009; Hofstede, 2001). Staff in Huawei prefer to work in groups and their performance evaluation is influenced by the achievement of their team goals as well. Teamwork brings benefit to cooperation and collaboration among employees in different departments and levels of the organisation. Considering the importance of teamwork, staff seeks to ensure the achievement of group targets even if this involves individual hardship, such as working overtime (Zhang & Wen, 2013). In addition, several other aspects of organisational culture are encapsulated in company mottos in Huawei, for example, ‘Clients are the most important’, ‘Still water runs deep’, and ‘Resource can be exhausted, but culture is continuous’. Huawei also invests a lot in Research and Development (R&D). With more than 10% of annual profit for R&D, Huawei has shown its ambition to be the technology leader in the world tele-communication industry (Zhang & Wen, 2013).

The ‘Basic Law of Huawei Ltd.’ is the organisational benchmark to manage human resources in the organisation. According to this, the two key standards of HRM in Huawei are morality and responsibility (Zhang & Wen, 2013). Promotion is given to employees who have both morality and responsibility. If an employee has neither of them, he/she cannot be a manager. If an employee has no idea about responsibility but has an upright character, there is also no promotion. While if an employee is responsible, he/she will be under consideration for promotion with special attention given to his/her morality. Figure 3-3 below presents this system in four quadrants in accordance with the ‘Basic Law of Huawei Ltd’. Ren Zhengfei pointed out that, the standards of talent promotion can be regarded as ‘Morality is the basic standard and performance is the watershed’ (Zhang & Wen, 2013). In other words, only if the moral factor meets the requirement, promotion can be considered. But the level and extent of promotion is decided by the performance of employees. In the discussion part in Chapter Four, the implementation of the system is further explored based on the data collected from interviews and questionnaires in Huawei. Clearly there may be divergence of views on who is a truly moral and/or responsible person, particularly when performance targets have to be met and a workforce is sharply divided in terms of authority and cultural norms, in an African subsidiary context.
Figure 3-3: The Key-standard Quadrants of HRM based on the ‘Basic Law of Huawei Ltd’


The last issue is the business model and structure of Huawei. Huawei has three business sectors, which are tele-communications operator, corporate business groups and mobile terminals (Official Website of Huawei, 2015). At beginning of the year, targets and goals as Key Performance Indicators (KPI) are set up by the Executive Board for each department and region. Then targets and goals in KPIs are allocated to leaders in different departments and regions. Those leaders divide their group KPIs to employees individually. Based on the priority of team targets and goals, leaders allocate the Key Performance Affairs (KPA) to staff. Staff are required to give priority to their KPAs in the work and make sure the achievement of their KPA targets as this will influence their salary and bonus. To make it clearer, Figure 3-4 below demonstrates the business model and structure of Huawei in practical contexts.
This section gives an introduction of a Chinese MNC, Huawei, in the tele-communication sector. It discusses Huawei’s development, key values, business model and main characteristics of its HRM. Huawei attaches great importance to customer first, dedication, continuous improvement, openness & initiative, integrity and teamwork. To ensure the success of its business operation, Huawei advocates the ‘wolf culture’ which is characterized by a sharp insight, proactive and continuous work and teamwork. Huawei has also developed the ‘Basic Law of Huawei Ltd.’ as a benchmark to manage human resource in the organisation. With the help of Key Performance Indicators (KPIs), Huawei allocates targets and goals to each department and region in a top-down structure based on its different business operation. According to the former CEO, Ren Zhengfei of Huawei, one of the key principles and characteristics to operate its business and to manage human resources in the organisation is the Greyscale Management (Chen & Bo, 2011). The next section will explore this organisation’s management concept and its application in practical contexts.
3.2 Greyscale Management in Huawei

Greyscale, a terminology from printing, refers to measuring the intensity of light at each pixel in a single band of the electromagnetic spectrum. Unlike black-and-white images with only two colours, grayscale images have many shades of grey in between. The more levels of the grey shades are, the more colors will be shown in the picture. To link grayscale with management, emphasis is placed on a balance and flexibility in management approach with room for subtle compromise, instead of being either this or that, black or white, right or wrong (Packaging Wealth & Wisdom, 2012). In other words, choices are made along a continuum of options, not from one of the two ends.

According to the founding CEO of Huawei, Ren Zhengfei, greyscale management refers to a leadership approach characterized by compromise, openness and generosity in the process of management. The attributes of successful leaders include an understanding of compromise and generosity, being open to employees and establishing an appropriate direction and tempo. Those qualities depend on greyscale management (Cheng, 2013). As for organisational development, it is crucial to find a clear direction which is identified in situations of ambiguity and keeps changing through time and space, especially in a rapid changeable environment, like China. It is flexible instead of being either black or white, and either one choice or the other. So it is important to find an appropriate greyscale approach in management and development. It can also be regarded as the search for an appropriate balance in management. The key process of the balance requires compromise and achievement of results needs greyscale thinking (Sun, 2014).

Specifically, greyscale management comprises seven key components. They are organisational direction, innovation, professionalism and standardisation, employee empowerment, compromise, generosity and openness, and flexibility respectively (Chen & Bo, 2011). The first three components more relate to organisational change and development in Huawei, while the second four more relate to human resource management in the organisation.

At the organisational level, as the direction of organisational development depends on practical experience and keeps changing with contexts, it is necessary to find and keep adjusting to an appropriate point on the greyscale both internally in the organisation itself and externally in the market. Secondly, against the background of fierce competition, the
advantages of companies, especially in the hi-tech sector, lie in the organisation’s competence in innovation. According to Ren Zhengfei, the core of innovation is management openness, which can improve creation and self-improvement, so, in order to pursue the organisational goals and opportunities in the global market, innovation is another key point in greyscale management in Huawei (Chen & Bo, 2011).

When assessing the managerial competence level of Huawei compared with its sector competitors, such as Cisco and Ericsson, it is not professional and standardized enough since Huawei developed from a small retailing company for cameras and telecommunication equipment and then took advantage of specific opportunities in China to become one of the most successful MNCs in the tele-communication sector within only about two decades (Business Review, 2010). In other words, there is still a significant gap between Huawei and its competitors in terms of competence in respect of innovation, internal management and cost control. To solve those problems, it is necessary for Huawei to operate at its own level and within its contexts instead of making rapid change in a blind way and merely copying others (Cheng, 2013). As Huawei has developed from a small/medium enterprise (SME), some characteristics of SME operations still influence its management even today. Considering some western companies, such as IBM with over eight-decade of development, Huawei is still like a pupil in professional operation and management. According to the Ren Zhengfei, effectiveness and efficiency are the most significant issues in management of Huawei compared with its western counterparts (Wang & Li, 2012). To achieve those goals, Chen and Bo (2011) argue that professionalism and standardisation in the process of changing from a small/medium organisation to a Multinational Corporation is an irreplaceable requirement in Huawei.

To link professionalism and standardisation with innovation in Huawei, it has developed a three-step modification theory, to some extent, reminiscent of Kurt Lewin’s model of change (Burns, 2004), that is rigidify (copy)-optimize (adapt)-solidify (keep) (Wang & Li, 2012). In the first stage, Huawei cooperates with western consultancy and organisations, such as IBM, HAY and the National Vocational Qualifications (NVQs) in the UK. To implement the new model of management in a comprehensive way, Huawei began the organisational change in 1997. Under great pressure and challenge regarding organisational change, nearly thirty percent of the staff left Huawei by 2002, nearly two thousand managers among them. Thanks to the powerful persuasion by top management in the organisation, Huawei followed the
guidance of the consultancy and copied the western style of management completely. Then after about five-year painful change, Huawei has developed a better understanding of the western mentality and management style. It began to optimize and localise the change process in accordance with its specific situations, as Ren Zhengfei pointed out, the change process imported, is breaking and innovating (Wang & Li, 2012). Finally, Huawei solidified an optimized managerial model with its own characteristics. For example, in 2003, Huawei has developed its own system of Integrated Product Development (IPD) cooperating with consultants from IBM. After a five-year reform in IPD, the new management system has improved internationalism and standardisation in Huawei and facilitated the communication between Huawei and other telecom operators. Specifically, two key points of ‘solidifying’ in Huawei are to routinize and to standardize. Routinizing refers to make managerial affairs effectively routinized as rules or conventions. Standardizing is to make tasks into master plate or template so that the organisation will improve its efficiency and internationalisation. For instance, from 2002 to 2005, Huawei cooperated with British Telecom (BT) to standardize its systems in management, quality control, environment, human rights and etc. Following three years’ reform, Huawei has become a supplier for BT with successful international evaluation results. Based on this experience, Huawei is working with Accenture on Customer Relationship Management (CRM) to further optimize its processes from products to customers (Wang & Li, 2012).

At the International Human Resource Management (IHRM) level, it is significant that greyscale management also includes key components of IHRM in Huawei. Firstly, its tenets demonstrate the value is given to IHRM in Huawei, such as employee empowerment, which is the process to enable employees to set up their own goals, make decisions and solve problems by themselves within their frame of responsibility (Griffin, 2014). It can improve employee motivation and engagement in organisations. According to Ren Zhengfei (Cheng, 2013), employee empowerment is a key insight of greyscale management. Empowerment can promote the mutual trust between employees and managers and help employees have a better understanding of the linkage between their performance and the rewards they want most. Closely linked with teamwork and collectivism in the Confucius culture, it can also improve efficiency and effectiveness of management with the reasonable allocation of managerial tasks (Analects of Confucius, 2008).

To manage international human resource in a greyscale way, compromise and generosity are two significant approaches. According to Ren Zhengfei, compromise here refers to the
achievement of common ground between/among different partners or negotiators in business negotiation. It may not be the best way to solve problems, but it is the best choice through which the best solution may be found (Chen & Bo, 2011). In other words, different partners are able to achieve their maximized benefits and a win-win result through compromise. In this way, it is an option to solve problems. However, it does not mean the abandonment of principles or unreasonable concessions. Instead, it is a wise exchange to make sure the achievement of goals through a strategy of one step back to achieve two steps forward. For example, in 2010, there were nearly 19.4% foreign employees working in Huawei and new plans had been implemented to recruit more foreign staff (Tencent Technology, 2011). With an increasing number of international employees in Huawei, generosity and openness is considered to be one of the most significant characteristics for managers in the organisation to cope with differences among employees. It enables managers to give employees full scope to cooperate together for a common goal in various contexts. Generosity and openness can also facilitate the motivation and participation of employees from different background so that they can work together to achieve goals in the same direction.

The final component is flexibility, which refers to adapting the managerial measures to local conditions and circumstances. The capability of localisation is the soul of an organisation’s success in its overseas markets (Wang & Li, 2012). In other words, every company has its own core competitiveness and organisational culture. The successful experience of others can be learned and applied with consideration of the organisation’s own specific characteristics (Sun, 2014). During the past two decades, Huawei has learned to adapt the advanced western experience to its case based on the three-step modification theory (Business Review, 2010). It has synthesized successful experiences of management based on practice and standardized those, keeping in view western theories and models. In this way, Huawei has basically established a specific managerial system with a combination of east and west practices and tenets (Chen & Bo, 2011).

In a word, greyscale management requires the understanding of compromise, openness, flexibility and generosity in IHRM. It is also closely linked with organisational direction, innovation, professionalism and standardisation. According to Ren Zhenfei its success lies in using ‘greyscale management’, which indicates the application of balance and flexibility to deal with uncertain and specific contexts so that developmental goals can be achieved in an un-constricted way with localisation. ‘The success of management is not two extreme sides, either black or white. It is in the middle, a balance of grey’ (Wang & Li, 2012). Figure 3-5
below is the summary of greyscale management and related key components at organisational and IHRM levels in Huawei.

As Greyscale Management and its key components in Huawei are closely connected with issues of Organisational Change and Development (OCD) and International Human Resources Management (IHRM), Figure 3-5 and Figure 3-6 below indicate their overlap in the organisation.

Figure 3-5: Key Components of Greyscale Management in Huawei

Source: Author’s own work based on Chen & Bo (2011).
To link the experience of greyscale management in Huawei with ‘the integrative model of IHRM in Chinese MNCs in Africa considering related factors and other issues’ in Chapter Two, a new model of IHRM is developed. It aims to explore the issues and factors which influence the effectiveness of IHRM transfer in Huawei from its headquarters in China and subsidiaries in Ghana. Specifically, they are institution, culture, organisational structure, organisational change and development strategies, employee empowerment and engagement, compromise, generosity and openness in organisations and flexibility. Template Two below demonstrates the interplay of those issues and factors which link the theoretical framework of the research with the case study of Huawei.

Source: Author’s own work based on Wang & Li (2012)
Template Two: IHRM Influential Factors and Related Issues in Chinese Headquarters and Ghanaian Subsidiaries of Huawei

Practices of International Human Resource Management in Huawei: Performance management, Training and Recruitment

Issues and factors which influence the effectiveness of IHRM practices in Huawei from the headquarters in China to subsidiaries in Ghana

Internal and external factors based on Template One

Issues and factors based on greyscale management in Huawei

Internal factors

- Business strategy
- Organisational structure and labour capability

External factors

- Institution and law
- Culture and communication

OCD strategies

- Organisational direction
- Organisational innovation

IHRM strategies

- Standardizing procedures and processes
- Employee empowerment
- Compromise and flexibility
- Generosity and openness

Source: Author’s own work based on Template One in Chapter Two and internal documents in Huawei
3.3 The Development of Performance Management in Huawei: Learning from the IBM Personal Business Commitments (PBC) System

In August 1998, Huawei started its organisational change process in consultancy and cooperation with an American MNC, IBM. According to Huawei’s then CEO, Ren Zhengfei, Huawei is eager to learn from the mature experience of management of western organisations. Compared with more than 80-year development in IBM, Huawei, which was established only in 1987 in Shenzhen, China and developed from a small and medium enterprise selling cameras, was still at the beginning stage of its management system development (Xiao, 2011). Based on the above introduction of Huawei, one of its most important strategies of organisational change is a three-step modification process (Wang & Li, 2012). Ren Zhengfei has pointed out that the organisation would ‘cut its feet to fit into the American shoes from IBM’ (Cheng, 2013). It reflects the strong determination of the top leaders in Huawei on organisational change although there are difficulties and resistance. It is a painful and risky change strategy, but for better development, Huawei had no choice just as a raft must keep going forward and modify to become a big ship and at the same time to better fight against strong waves and wind on the ocean (Xiao, 2011). In other words, Huawei needs to keep in line with the international standardized processes and systems of management considering the rapid development and fierce competition in the global market. So in the cooperative organisational development projects with IBM, Huawei invested over one billion yuan (about £100,000,000) and developed its operational systems, such as its Integrated Supply Chain (ISC) and Integrated Product Development (IPD) for research and development (R&D).

For the performance management in IHRM, Huawei learned from the system of Personal Business Commitments (PBC) in IBM (Wang & Li, 2012). One of the most important characteristics of this system is to produce a clear and direct linkage between business strategies of the organisation and all staff from the Chairman to other employees. It divides organisational strategies and objectives from the most senior managers to subordinate levels with the perspective for working together as a team (Alliance@IBM, 2006). According to Mishra (2013), the success of IBM’s performance management lies in the achievement of specific goals and its contribution to the overall organisational strategies.

More specifically, PBC in IBM has three main steps. Firstly, at the beginning of the year, staff members in IBM establish their individual annual performance targets to achieve. Those
targets guide their work in the whole year. Then feedback and guidance is given in accordance with their performance and development by line managers. Finally, line managers match their assessment on performance based on the achievement of their targets, which decides their bonus, salary and future career in the organisation. The most significant parts of PBC system in IBM are the continuous direction and support in the second step and contribution evaluation to the organisational strategies in the last step (Mishra, 2013). Kesler (1992) pointed out that effective goals are able to guide outcomes and be measured in a continuous way. So the feedback in the second step of PBC can direct the result-achievement all the year round. To ensure the update of goal setting and achieving, employees and managers work together to keep records in the system and have informal meetings on qualitative and quantitative tasks, costs and saving and contribution to the Key Performance Indicators (KPI) of their groups (Sun, 2014). For employees, they do self-assessment and record their goal achievement in the system. Then line managers cooperate together with other leaders, colleagues, customers and HR department to do evaluation on their performance (Mishra, 2013). Then the key point of the evaluation step is to link individual contribution to organisational strategies. In other words, the most crucial part of evaluation is employees’ contribution to the achievement of team targets and how they make those contributions based on the organisational culture. For instance, if an employee meets his/her job tasks efficiently and effectively with a proper manner, he/she is assessed as a solid contributor. If an employee fails to achieve the target fully and does not have certain level of skills and responsibilities compared with other colleagues, he/she is regarded as low contributor, one requiring improvement. So the result achievements and the way employees do this is the most significant part in the assessment step of PBC in IBM (Mishra, 2013).

To ensure the effective implementation of PBC in IBM, there are several key elements. First is the relative evaluation of result achievement. It refers to the assessment of performance with a comparison of other colleagues in the similar positions. In other words, considering the results achieved by other colleagues, outperformed employees not only get their own targets, but also performed at the highest rates among their peers. It also influences the distribution rates in the system to ensure top rewards are given to best performers. For instance, there are about 10%-20% employees getting the highest score, ‘A’. ‘B’ and ‘B+’ usually accounts for the largest amount, about 65%-85% and 5%-15% is the lowest level, rating ‘C’ or ‘D’. Especially for managers in the top positions, if they are not able to achieve the targets beyond an average level, they will not be assessed as having a good performance (Mishra, 2013).
bottom line of the PBC rating scale is closely relating to organisational culture, legal issues and ethical manners as it evaluates employees’ contribution to the organisation based on the extent to which they work for organisational goals, culture and values. In other words, if they do not give priority to the organisational targets as a whole or get the targets while failing to fit the organisational culture or values, they cannot receive a good performance assessment regardless of the results they have achieved (Mishra, 2013). The last element in PBC is the review and appeal procedures. At the end of the year, line managers and their peer managers cooperate with each other to do performance evaluation of employees through PBC systems based on their contribution to the organisations. Employees are ranked from top to bottom depending on their departments or position responsibilities. Then employees are required to review the evaluation and give feedback before the final assessment is done. For employees who are not satisfied with the final performance evaluation, they can appeal it by discussing with their line managers. If the problem is still not resolved, they can apply through an internal channel for appeal in the organisation. One of the most significant issues in the review and appeal procedures is the incremental nature of expectations every year (Mishra, 2013). Specifically, if an employee in the sales department achieved the targets with a £100 million contract this year and got an assessment of ‘A’, he/she would be required to achieve higher level targets, more than £100,000 million contracts, to get the same rating, ‘A’ for the next year.

The last issue for PBC system in IBM is the sustainability of time frame for performance management, especially for staff members in the executive levels. In detail, performance evaluation for executives in IBM is divided into three parts: 1) current year’s performance evaluation for 12 months with salary and annual incentive; 2) long-term performance evaluation for at least 3 years with long-term incentive plan and 3) full career performance evaluation with retention and pension policies until the leaders’ career ending in the organisation (IBM Official Website, 2015). There are several benefits for the sustainable performance management behaviours. Firstly, it links the performance assessment of executives with long-term development and annual business results of the organisation. It can also help leaders avoid excessive risk taking to pursue their business targets. Thus it strikes a balance between short-term results and long-term business strategies to ensure the sustainability in performance management. Last, it makes different rewards for individual and team performance respectively (IBM Official Website, 2015). Figure 3-7 below summarizes the key issues and elements of the Personal Business Commitments (PBC) system for
Figure 3-7: Key Issues and Elements of the Personal Business Commitments (PBC) System for Performance Management in IBM

Source: Author’s own work based on Mishra (2013) and IBM Official Website (2015)
Learning from the Personal Business Commitments (PBC) system of performance management in IBM, Huawei established its own performance management system through development and adaptation to this with specific Chinese characteristics in its organisational change from 1998 onwards. In other words, the performance management in Huawei is an adaptation and development of a western system into the practical contexts in China with specific Chinese characteristics. The following chapters will discuss the adaptation of the performance management system in Huawei from IBM with further details.

### 3.4 The Summary of Chapter Three

Chapter Three has outlined the organisational context and background of this research. It is to explore the performance management, specifically, in a Chinese telecommunications Multinational Corporation called Huawei. Firstly, it clarifies why Huawei is chosen as a subject due to its rapid development in international foreign sales, ownership, command of technology in its specific industrial sector and proactive approach to organisational development. Then it gives a brief introduction of the organisation from several perspectives including its core values, operational structures, the role of human resource management (HRM) in the organisation and its main IHRM practices, including recruitment and selection, training and development and performance management.

Then, this chapter explores a principle of management in Huawei proposed by its CEO, Ren Zhengfei, greyscale management, which refers to an approach of management incorporating compromise, openness and generosity. This concept attaches importance to the balance and flexibility of management (Cheng, 2013; Packaging Wealth & Wisdom, 2012). In details, greyscale management incorporates seven key components, which are organisational direction, innovation, professionalism and standardisation, employee empowerment, compromise, generosity and openness, and flexibility (Chen & Bo, 2011). Then, this chapter explores the significance of those components and their relationship with organisational change and the development of human resource management in Huawei. Based on the research context and frameworks in Chapter Two, a new template is developed to demonstrate the influential factors and the related issues of IHRM in Huawei, from the perspectives of Huawei’s Chinese headquarter and the Ghanaian subsidiary.
Finally, this chapter discusses the development of performance management in Huawei based on its cooperation with an American MNC, IBM from 1998 until now. Through a three-step modification process, Huawei replicates the systems from IBM, adapts them to its own contexts and then keeps them as its standardizing procedures. Regarding performance management, Huawei applies Personal Business Commitments (PBC) system from IBM in the entire organisation, from its headquarters in China to its subsidiaries across the world. It explores key characteristics, main steps and key elements of the performance management system in IBM. As Huawei has applied the system into its own contexts with specific characteristics of Chinese MNCs, it is an adaptation and development of a western system of performance management into Chinese practical operations.

Summing up, based on the literature in Chapter Two and the research background in this chapter, a conceptual framework has been established to study the effectiveness of performance management of IHRM in Huawei. This effectiveness concerns the transfer of performance management practices in Huawei from its Chinese headquarters to African subsidiaries, and highlights the issues below related to the research objectives and questions in Chapter One:

- Organisational structures
- Intercultural communication
- Business strategy
- Cultural differences and contexts
- Institutional and legal factors
- Local labour capability
- Recruitment and training
- Organisational change and development strategies
- Employee empowerment
- Standardisation or adaptation

To examine these issues is fundamental when considering the effectiveness of the performance management system in Huawei and Chapter Four focuses on the research design and methodology to achieve this. A desired outcome of this study to meet research objectives is to establish the criteria by which the effectiveness of Performance Management System can be assessed in Chinese MNCs in Africa, drawing on the experience of Huawei.
CHAPTER FOUR: RESEARCH METHODOLOGY

4.1 The Introduction and Key Concepts of Research Philosophy

Research is an explorative activity which requires knowledge and skills on the part of those undertaking the process (Thomas, 2004). However, no process can be instigated without consideration of research philosophy which guides and validates the choice of methodologies to meet the study aim and give due consideration to context. According to Saunders et al. (2012), research philosophy underpins the development of knowledge and its nature and is intrinsically connected with assumptions which reflect the way researchers think of the world. Thus research philosophy plays a crucial role in the choice of research strategy and indeed exerts influence on the objectives and understanding of the research topic (Johnson & Clark, 2006). Furthermore, it is not possible to say that one research philosophy is better than others as each philosophy is 'better' at doing different and specific research. So the validity of research philosophy is connected with the research aim and objectives (Saunders et al., 2012).

As for the importance of research philosophy, it can generate practical benefit to the understanding of the research topic and objectives. The philosophy can also facilitate the examination of the research assumptions or hypothesis so that former theories are challenged and explored in a different way (Sayer, 1992). In other words, it can make researchers set aside their preconceptions and regard the research from a new perspective (Saunders et al., 2012). According to Bryman (2004, pp. 16-21), research is linked with theory, values, practical considerations through the perspectives of ontology and epistemology. Ontological philosophy plays a significant role in the academic research as it facilitates the ways that research objectives are proposed and research is implemented (Sayer, 2000). For instance, to explore the influence of cultural and institutional actors on IHRM in MNCs, the research tends to place emphasis on the characteristics of certain organisations and the values of members in specific cultural and institutional background. In this way, the research and data collection is designed in accordance with the research philosophy. On the other hand, epistemological philosophy advocates the linkage between methods of natural sciences and the study of social reality. It emphasizes the application of legitimate knowledge in natural sciences to social world with the research practices. However, it is significant not to overstate such implication as they are only representatives of certain tendencies (Williams, 2000).
Furthermore, one relationship between research and theory is whether theory guides research known as deductive or whether theory is and result of research known as inductive. Figure 4-1 below summarizes Bryman's idea of methodology on social science research.

Figure 4-1: Methodology on Social Research

Source: Bryman and Bell (2011, pp. 29)

Blaikie (2000) has pointed out that the main focus of social science research includes making the research design explicit, ensuring the consistency of the research and assumption, taking into account critical evaluation and indicating the expected results. From this point of view, research methodology plays an important role in social science research. According to Beissel-Durrant (2004), research methodology can facilitate the emergence of framework to fill in the gap within current research and the evolution of new research methods. In addition, research methodology also has broader application which may contribute to the clarification and understanding of terms. To reflect the importance in further detail, Saunders et al. (2012) outlined research as an 'onion' in an integrative perspective in Figure 4-2 below.
Figure 4-2: The 'Onion' of Research Methodology

The metaphor, ‘Onion Framework’, helpfully presents the main areas of research to facilitate its structure and process, such as research philosophies, choices, approaches and strategies. The upcoming sections will discuss the key elements of the onion framework which are closely linked with this research.

From this Figure, it is clear that research approaches mainly include deduction and induction. According to Bryman (2004), the deductive theory refers to the commonest perspective of the nature of the relationship between theory and social research. It is relating to certain domain, the deduction of hypothesis and specific exploration of those theories. Generally, the exploration is embedded within the analysis and collection of research data which is closely relating to concepts of the hypothesis/hypotheses. Figure 4-3 below shows each process of deduction.
Each process of deduction follows the next in a clear and logical way. Many cases, however, have to change as the results of data analysis are different from the hypotheses or the relevance of collected data for theories may not be apparent enough for the research (Yin, 2009). From this point of view, inductive theory emerges. As the process of induction aims to develop generalizable inferences out of observations and data, theory is the outcome of research. In practice, however, the elements of both deductive and inductive approaches are interrelated to each other. For instance, as the data collection is implemented with the reflection of specific theory, the researcher is likely to collect more data to examine the conditions in which the theory may or may not be valid (Bulmer, 1984). Although it is necessary to take into account the relationship between deductive and inductive approaches, their differences are not always unambiguous. From a wide perspective, the two approaches are regarded as a two kinds of tendencies instead of a clear distinction. So the overlap and interaction of deductive and inductive approaches cannot be ignored in the social research (Blaikie, 2000). In addition, the choice of deductive or inductive approaches depends on needs, interests and preferences of the researcher, which are key elements of the fieldwork (Buchanan et al., 1988).

Saunders et al. (2012) have also pointed out that research strategies may involve experiment, survey, case study, action research, grounded theory, ethnography and archival research. In the domain of social science, case study is frequently used (Yin, 2009; Verschuren, 2003). Creswell (1994) also pointed out that through case study, a specific entity or phenomenon can
be analyzed with the longitudinal or cross-sectional consideration. Furthermore, case study also facilitates information exploration through the data collection and analysis. Table 4-1 below reflects the relationship of some main research strategies and their relevant situations.

Table 4-1: Main Research Strategies and Relevant Situations

<table>
<thead>
<tr>
<th>Method/Strategy</th>
<th>Form of Research Question</th>
<th>Requires Control of Behavioral Event</th>
<th>Focuses on Contemporary Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case study</td>
<td>How, why?</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>Experiment</td>
<td>How, why?</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Survey</td>
<td>Who, what, where, how many, how much?</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>Archival Analysis</td>
<td>Who, what, where, how many, how much?</td>
<td>no</td>
<td>Yes/no</td>
</tr>
<tr>
<td>History</td>
<td>How, why?</td>
<td>no</td>
<td>no</td>
</tr>
</tbody>
</table>

Source: Yin (2009, pp. 8).

From this table, it is obvious that to choose a research strategy, the most significant step is to identify the relevance between research questions and the strategy. For example, as this research focuses on one of the research questions, ‘How do the systems and practices of performance management in Huawei transfer from the headquarters in Shenzhen, China to subsidiaries in Accra, Ghana guided by greyscale management?’, it is a more explanatory question, which leads to the choice of case study as the research strategy. So to explore the contemporary management policies and practices in Multinational Corporations in this thesis, case study is chosen as the research strategy. In other words, in order to choose an appropriate research strategy, time horizons, research techniques and procedures are important elements to take into account in this case.

Finally, attention is paid to the choices of research methods. From the’ Onion Framework’, it includes mono method, multi-method and mixed method. In detail, it refers to qualitative method, quantitative method and triangulation. In the next section, each method will be discussed respectively.
4.2 The Exploration of Research Methods

4.2.1 Qualitative method

According to Saunders et al. (2012, pp.544), qualitative method refers to

all the non-numeric data or data that are not quantified and can be regarded as the product of all research strategies.

It incorporates the short list of responses, open-ended questions in the questionnaires and in-depth interviews. In the implementation of qualitative method, it is necessary to analyse collected data and understand its meanings in order to use it. In other words, researchers move further into or beyond those data and read into and over them instead of just describing the words or scenes (McMahon, 1996; Poirier & Ayres, 1997). In this way, researchers are able to collect as much data as possible so that they will capture all of the elements of an event and have a comprehensive summary on it (Sandelowski, 2000).

Specifically, the qualitative method includes the preparation of data analysis, approaches to analyze the data and the analytical aids of qualitative method (Saunders et al. 2012). Firstly, in the preparation of data analysis, qualitative data is transferred from interviews or documents. With separate file or colored fonts, the records of each interview can be kept in a clear way. As for the electronic data such as emails or blogs, appropriate storage and suitable anonymity may be necessary. Secondly, the approaches of qualitative analysis include the deduction and induction. As Yin (2009) has pointed out that with the deductive approach, a framework is developed on the basis of theories and hypotheses which direct the analysis of data. While with the inductive approach, theory may emerge from the process of data collection and analysis as 3.1 has discussed. Finally, to facilitate the application of qualitative method, some analytical aids are necessary. For instance, the interim summaries can be regarded as the working document and continued reference to record the research progress (Robson, 2002). The researcher's diaries are able to direct the research in a chronological format which tends to develop new ideas and approach (Riley, 1996).

Next, as for the major characteristics of qualitative method, it regards the social research as processes rather than static terms. It provides analysis from a holistic perspective with the
consideration of specific contexts. It also applies the personal insight of researchers with a nonjudgmental stance (Sandelowski, 2000). Table 4-2 below demonstrates the main characteristics of qualitative method in more details.

Table 4-2: The Main Characteristics of Qualitative Method

<table>
<thead>
<tr>
<th>Research design</th>
<th>Data generation</th>
<th>Research methods used</th>
<th>Analysis/interpretation</th>
<th>Research Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Flexible</td>
<td>a. Flexible and sensitive to the social context</td>
<td>a. Observation</td>
<td>a. The complexity, details and context of the data</td>
<td>a. Detailed description and comprehensive understanding</td>
</tr>
<tr>
<td>b. Naturalistic</td>
<td>b. Close contact between the researcher and the people being studied</td>
<td>b. Semi-structured interviews</td>
<td>b. The emergent categories and theories from the data</td>
<td>b. Meanings, processes and contexts</td>
</tr>
<tr>
<td>inquiry in real</td>
<td>c. Questionnaires</td>
<td>c. The specificines of each case and cross-case analysis</td>
<td>c. The emergence at the level of analysis</td>
<td>c. Answering what, why and how question</td>
</tr>
<tr>
<td>world instead of</td>
<td>d. Analysis of documents and texts</td>
<td>d. The explanations at the level of analysis</td>
<td>d. The influence of researcher's perspective</td>
<td>d. The interpretation of social meanings</td>
</tr>
<tr>
<td>experimental settings</td>
<td></td>
<td></td>
<td></td>
<td>e. Samples are small in scale and salient in criteria</td>
</tr>
</tbody>
</table>

*Source: Author’s construct based on Ritchie & Lewis (2003).*

In one summary from Thomas (2004), qualitative method involves two steps which are making maps and telling stories. It demonstrates the research in a narrative form. In the process of making maps, researchers collect the data, analyse the data and draw a conclusion (Miles & Humberman, 1984). Then, in the story-telling process, narratives are the main way
that researchers make their exploration meaningful to themselves and others (Polkinghorne, 1988). However, besides the narrative form of research presentation and data collection, the application of statistical method also plays an important role in the social science. It illustrates charts or diagrams to explore research from a numerical perspective. As for further discussion, the next section will give explanation of the quantitative method.

4.2.2 Quantitative method

According to Saunders et al. (2012, pp.472-473), quantitative data refers to

\[ \text{data in a raw form and some numerical data in order to answer the research questions and to meet the research objectives}. \]

The quantitative analysis techniques include graphs, charts and statistics to explore, reflect, and examine the relationships and trends within the data. For example, simple tables and diagrams can be applied to show the frequency of occurrence in the tourism industry and make comparisons through establishing statistical relationships (Byrne, 2002).

Generally speaking, the main process of quantitative method is separated into three parts which are data preparation, data exploration and data description (Saunders et al. 2009). Firstly, in the process of data preparation, it is necessary to take into account the type of data, the format of data input, the impact of data on analysis, the validity of data and the methods to check data errors. Ideally, all those factors are considered before the collection of data. In practice, however, each of them may change in accordance with the process of the research. Secondly, to explore and present the data, it is important to apply diagrams or tables which are directed by the research aim and objectives. In details, a diagram or table include specific variables, highest and lowest values, trends over time, proportions, distributions, totals, interdependence and relationships (Sparrow, 1989). With consideration of those key aspects, the effectiveness of data exploration and presentation may be improved. In the final process of data description, on one hand, the central tendency of the statistics is discussed. In the domain of management, attention is paid to variables of the most frequent, mid-point and the average (Saunders et al. 2012). On the other hand, it is important to describe the data dispersion. It refers to the way in which data is dispersed around the central tendency. To analyse the data dispersion and to do quantitative calculation, some software such as SPSS is effective (Norusis, 2007).
In the academic area, many researchers focus on the distinction between qualitative and quantitative methods (Easterby-Smith et al., 2008; Healey & Rawlinson, 1994; Dey, 1993). Table 4-3 below lists the main differences between quantitative and qualitative methods.

Table 4-3: Main Differences between Qualitative and Quantitative Methods

<table>
<thead>
<tr>
<th>Qualitative method</th>
<th>Quantitative methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meaning presented through words</td>
<td>Meaning presented through statistics and numbers</td>
</tr>
<tr>
<td>Information collection leads to non-standardised data from different categories</td>
<td>Information collection leads to numerical and standardised data</td>
</tr>
<tr>
<td>Analysis implemented through conceptualization</td>
<td>Analysis implemented through diagrams/tables and statistics</td>
</tr>
</tbody>
</table>

*Source: Author’s construct based on Saunders et al. (2012).*

In research, however, there is limitation and weakness to apply only one method. On one hand, with the application of quantitative method, researchers are likely to be preoccupied by replication as they may use the findings or data from any research project in the same or similar contexts (Blaikie, 2000). On the other hand, qualitative method tends to allow personal bias into research as it uses the social actors' point of view through extensive in-depth interviewing. Considering different ways of interpreting people's actions and the actions of others, it is necessary to take into account personal bias in the qualitative method (Bryman & Bell, 2011).

So it is obvious that qualitative and quantitative methods are sometimes interdependent on each other. As Dey (1993) has figured out that number depends on meaning. Robson (2002) also held that qualitative data was relating to the 'thick' and 'thorough' collection through the quantitative method. Against that backdrop, importance has been attached to triangulation which applies both qualitative and quantitative methods to do research. In the next part, it will be discussed in more details.
4.2.3 Triangulation: Combining qualitative and quantitative methods

From the above exploration, it is clear that some researchers advocate the application of both the qualitative and quantitative methods, which are usually regarded as the convergent methodology (Campbell & Fiske, 1959), convergent validation or triangulation (Webb et al., 1966). According to Denzin (1978), triangulation is the convergence of methodologies in the research to establish understanding on the same phenomenon. It is a vehicle through which several different methods are found to be congruent and to yield comparable data. Recently, Hammersley (1996, pp. 167) has pointed out that triangulation refers to

the application of quantitative method to facilitate and corroborate qualitative research findings or vice versa

In other words, triangulation incorporates the application of multiple methods to explore the research aim and objectives. On one hand, through triangulation, qualitative method is able to facilitate the application of a quantitative one. It provides hypotheses which can be examined with a quantitative research strategy. It also gives full scope of the role of data measurement as qualitative method can implement structured interviews and self-completion questionnaires (Bryman, 2004). On the other hand, quantitative method can also improve the qualitative approach. For instance, with the implementation of a quantitative method can facilitate the selection of appropriate people for interview in later qualitative research. In addition, it can develop the interview questions from general to specific based on a significant questionnaire distribution and subsequent data analysis (Denzin, 1978).

There are several reasons why a triangulation method is chosen to be applied in this research. Firstly, it can develop a more complete, holistic and contextual exploration of the case. With the application of multiple methodologies, the research is more likely to reveal some specific factors which may be neglected by a single method. Secondly, the triangulation method can improve the confidence of the research. In other words, it tends to achieve confident interpretations, developing hypotheses and context-related findings (Jick, 1979). The final reason is that the triangulation method can facilitate a better integration between the theories and case studies. Thereby it is possible to connect different theories with the common case and minimise gaps in understanding between existing theories and the case under investigation (Marris, 1975).
In this research triangulation is a fundamental building block in the research methodology. Specifically, the research process is divided into two parts in a Chinese multinational corporation in the telecommunication sector, Huawei. Data is, firstly, collected in Huawei’s subsidiary in Accra, Ghana and then back in its headquarters in Shenzhen, China. In both Huawei’s subsidiary and headquarters, questionnaires are designed to provide data and to inform the semi-structured interview process. Key questions, then, emerge from the questionnaire data. In other words, with the data collected from questionnaires distributed to staff and documents about Huawei, some key questions are developed as a basis for the semi-structured interview. For example, if the questionnaire answer includes issues relating to factors which influence the effectiveness of performance management in Huawei, the specific respondent may be chosen for interview to clarify those factors and their influence. Secondly, in-depth interviews of employees are implemented with specific questions to explore the factors which may influence the policies and practices of IHRM in Huawei. Guided by the research aim and objectives, questionnaires and interview questions are designed so that the processes are conducted in accordance with the aim and objectives. Finally, considering the practical implication of the research, performance management of IHRM in Huawei is chosen as a focus in order to link and compare theories with practices. Since performance management is chosen as a preference of the research based on literature review, other practices and factors are also explored and discussed through questionnaires and interviews in the specific contexts of Huawei to develop multi-dimensional perspectives on the findings necessary to fulfil the research objectives. Thus, the diffusion of performance management from the headquarters in Shenzhen, China to Accra, Ghana can be assessed in a more comprehensive way. Figure 4-4 below briefly summarizes how the triangulation method is applied in this research.
Figure 4-4: The Application of Triangulation in this Research

Source: Author’s own work.

To apply the methodology of triangulation into practical contexts, the next section focuses on the research design and data collection in this thesis. Both qualitative and quantitative data are collected in a Chinese Multinational Corporation, Huawei, the case study organisation. In accordance with the research aim, objectives and questions, more details of the data collection and methodology design will be discussed in the upcoming section.

4.3 Research Design and Data Collection in Huawei based on Research Aim, Objectives and Questions

In this research, an inductive approach with both questionnaires and semi-structured interviews is applied as the methodology. Specifically, questionnaires are designed to provide data and to support the semi-structured interview process. Key questions will emerge from the
questionnaire respondents. In other words, with the data collected from questionnaires distributed to staff and documents about the Chinese MNC, Huawei, some key questions will be developed to prepare for the semi-structured interview respondents. For example, if the questionnaire answer includes issues relating to factors which influence the effectiveness of performance management in Huawei, respondents may be chosen for interview to clarify those factors and their influence in an interview. Secondly, in-depth interviews of employees will be implemented with specific questions to explore the factors which may influence the policies and practices of IHRM in Huawei. Guided by the research aim, questionnaires and interview questions are designed so that the processes generate data relevant to the research objectives. Finally, considering the practical implication of the research, performance management of IHRM in Huawei is analysed in order to link and compare theories with practices in an effective approach. While performance management is chosen as a preference of the research based on literature review, associated practices and factors will also be explored and discussed through questionnaires and interviews in the specific context of Huawei. Thus, the effectiveness of performance management diffusion from headquarters in Shenzhen, China to subsidiaries in Accra, Ghana can be assessed in a more comprehensive way.

Since performance management is chosen as a focus of the research and is comprehensively reviewed in the literature review, including contemporary information and documents emanating from Huawei, emerging factors are explored and discussed through questionnaires and interviews in the specific contexts and from the researcher’s experience in China and Ghana. Thus, the diffusion of performance management from the headquarters in Shenzhen, China to Accra, Ghana can be reassessed in a more comprehensive way. As for the number and information of the research participants, Table 4-4, Table 4-5 and Table 4-6 below give more details. And Chart 4-1 to Chart 4-7 show the information in percentages to make a better comparison.
Table 4-4: The Number and Information of Research Participants inside Huawei

<table>
<thead>
<tr>
<th>Location</th>
<th>In HR Department</th>
<th>In other Departments</th>
<th>Total Number of Interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In the Subsidiaries of Huawei in Accra, Ghana.</strong></td>
<td>6 interviews (2 Chinese, 4 Ghanaian)</td>
<td>7 interviews (6 Chinese, 1 Ghanaian)</td>
<td>13 interviews (8 Chinese, 5 Ghanaian)</td>
</tr>
<tr>
<td><strong>In the Headquarters of Huawei in Shenzhen, China.</strong></td>
<td>5 interviews (5 Chinese)</td>
<td>13 interviews (13 Chinese)</td>
<td>18 interviews (18 Chinese)</td>
</tr>
<tr>
<td><strong>In the Subsidiaries of Huawei in Reading, the UK.</strong></td>
<td>Observation</td>
<td>Observation and 1 interview (1 Chinese)</td>
<td>1 interview (1 Chinese)</td>
</tr>
<tr>
<td><strong>Total Number of Interviews</strong></td>
<td>11 interviews (7 Chinese, 4 Ghanaian)</td>
<td>21 interviews (20 Chinese, 1 Ghanaian)</td>
<td>32 interviews (27 Chinese, 5 Ghanaian)</td>
</tr>
</tbody>
</table>

*Source: Data analysis.*
Table 4-5: The Number and Information of Research Participants outside Huawei

<table>
<thead>
<tr>
<th>Organisation Name</th>
<th>Type and Ownership</th>
<th>Location</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>China Railway Engineering Corporation (CREC)</td>
<td>A Chinese State-owned Enterprise (SOE)</td>
<td>Accra, Ghana</td>
<td>2</td>
</tr>
<tr>
<td>China State Construction Engineering Corporation (CSCEC)</td>
<td>A Chinese State-owned Enterprise (SOE)</td>
<td>Accra, Ghana</td>
<td>1</td>
</tr>
<tr>
<td>Zhongding Construction Engineering Corporation</td>
<td>A Chinese State-owned Enterprise (SOE)</td>
<td>Accra, Ghana</td>
<td>1</td>
</tr>
<tr>
<td>J.P. Morgan</td>
<td>An American Multinational Corporation (MNC)</td>
<td>New York, the USA</td>
<td>1</td>
</tr>
<tr>
<td>Meifubao Cosmetic Corporation</td>
<td>A Chinese private small and medium enterprise (SME)</td>
<td>Guangzhou, China</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total Interviews</strong></td>
<td></td>
<td></td>
<td><strong>6</strong></td>
</tr>
</tbody>
</table>

(5 Chinese, 1 American)

Table 4-6: Details and Information of Research Participants

<table>
<thead>
<tr>
<th>Details</th>
<th>Gender</th>
<th>Education Degree</th>
<th>Length of Work in the Organisation</th>
<th>Position Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>Male</td>
<td>Female</td>
<td>Bachelor</td>
<td>Master or above</td>
</tr>
<tr>
<td></td>
<td>29</td>
<td>9</td>
<td>20</td>
<td>12</td>
</tr>
</tbody>
</table>

*Source: Data analysis.*
As this research is about the practices of IHRM in Chinese MNCs in Africa and Huawei is a typical example, employees who work inside this Chinese Multinational Corporation, in Shenzhen, China and Accra, Ghana are chosen as participants for questionnaires and interviews. For participants outside Huawei, their organisations have close links and cooperation with Huawei, such as in the public/government sector and higher educational sector. In that way, a comprehensive perspective could possibly be established on the practices of IHRM in Huawei in China and Africa. For instance, as employees in Higher Educational Organisations have academic research experience and specific insights about IHRM in Chinese MNCs in Africa, their opinions about the practices of IHRM in Huawei in China and Ghana would, therefore, be valuable from the external academic perspective. As employees in governmental organisations and international agencies have practical working experience and specific insights about IHRM in Chinese MNCs in Africa, their opinions about the practices in Huawei in China and Ghana would, therefore, be valuable from the external practical perspective.

The data collection approach is designed to be flexible and depends on the emerging requirement of my research, including frameworks and available resources through personal and university networks and other identified local contexts. A personal network has been established with the managers in Huawei in Shenzhen, China and Accra, Ghana prior to the main research. This included preliminary telephone interviews and identification of those who would be valuable informants in face to face discussion. Cooperation was also established with colleagues in Ghana University and the information exchanged emails and Skype thanks to the help from the author’s school. These academics act as an advisory group on the research in Ghana.

Email addresses provided by the managers in Huawei to the researcher enable contact with potential interviewees through email to invite them to join the project. These are personal request on the researcher’s own account, thus avoiding any possible coercion which a request from a manager could have implied. Invitation letters and supporting documents were sent out on behalf of the researcher. Participants initially approached by email are provided with the invitation letter, participant information sheet and the project overview in both English and Mandarin.

Next, questionnaires and interviews were conducted in English or Mandarin one after the other and were administered in that order. The choice of language depends on the
interviewees. It will be in English or Mandarin. The Participant Invitation Letter, Project Overview, Participant Consent Form and Interview and Questionnaire Templates are all prepared in both English and Mandarin. The researcher explained the contents of the participant information sheet verbally and read aloud, if appropriate, the consent form prior to any interview or questionnaire. If a participant was unable to understand the nature of the research or clearly provide informed consent, they will not be required to contribute to the project. Table 4-7 and 4-8 below summarize the questionnaire and interview questions design and link them with research questions.

Table 4-7: Questionnaires Design Summary

<table>
<thead>
<tr>
<th>Items</th>
<th>Variables</th>
<th>Research Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q. 1, 13, 15 and 18</td>
<td>Employee empowerment and engagement</td>
<td>One, Two and Three</td>
</tr>
<tr>
<td>Q. 8, 19 and 21</td>
<td>Organisational Structure</td>
<td>Two, Three and Five</td>
</tr>
<tr>
<td>Q. 2, 3, 4, 5, 6 and 14</td>
<td>Business strategy</td>
<td>Two, Three and Five</td>
</tr>
<tr>
<td>Q. 7</td>
<td>Labour capability</td>
<td>Two, Three and Six</td>
</tr>
<tr>
<td>Q. 9, 10 and 20</td>
<td>Institutional factors</td>
<td>Two and Three</td>
</tr>
<tr>
<td>Q. 11</td>
<td>Cultural factors</td>
<td>Two and Three</td>
</tr>
<tr>
<td>Q. 12 and 22</td>
<td>Standardisation and adaptation</td>
<td>Two, Three, Five and Six</td>
</tr>
<tr>
<td>Q. 17</td>
<td>Greyscale management</td>
<td>Four</td>
</tr>
<tr>
<td>Q. 13, 15, 16 and 18</td>
<td>Personal Business Commitments (PBC) of performance management</td>
<td>One and Five</td>
</tr>
</tbody>
</table>

Source: Author’s own work

More variables, such as intercultural communication, teamwork, leadership and three-step modification of the organisational change are proposed by interviewees themselves instead of being designed in the initial questionnaires. Details will be explored in the data collected from semi-structured interviews in Chapter Four and Chapter Five through analysis.
Table 4-8: Interview Questions Design Summary

**Interview Questions (Semi-structured Interviews in Appendix One)**

<table>
<thead>
<tr>
<th>Items</th>
<th>Variables</th>
<th>Research Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q. 1, 5, 19 and 23</td>
<td>Employee empowerment and engagement</td>
<td>One, Two and Three</td>
</tr>
<tr>
<td>Q. 4, 6, 14, 21, 24, 25 and 33</td>
<td>Organisational Structure</td>
<td>Two, Three and Five</td>
</tr>
<tr>
<td>Q. 3, 13, 22 and 32</td>
<td>Business strategy</td>
<td>Two, Three and Five</td>
</tr>
<tr>
<td>Q. 1, 4 and 20</td>
<td>Labour capability</td>
<td>Two, Three and Six</td>
</tr>
<tr>
<td>Q. 12 and 31</td>
<td>Institutional factors</td>
<td>Two and Three</td>
</tr>
<tr>
<td>Q. 10, 11, 29 and 30</td>
<td>Cultural factors</td>
<td>Two and Three</td>
</tr>
<tr>
<td>Q. 2, 15, 16, 17, 34 and 35</td>
<td>Standardisation and adaptation</td>
<td>Two, Three, Five and Six</td>
</tr>
<tr>
<td>Q. 8 and 27</td>
<td>Greyscale management</td>
<td>Four</td>
</tr>
<tr>
<td>Q. 7 and 26</td>
<td>Personal Business Commitments (PBC) of performance management</td>
<td>One and Five</td>
</tr>
<tr>
<td>Q. 18 and 36</td>
<td>Corporate Social Responsibility (CSR)</td>
<td>Two and Five</td>
</tr>
<tr>
<td>Q. 9 and 28</td>
<td>Other influential factors, such as intercultural communication, teamwork, localization and three-step modification of organisational change</td>
<td>Two and Six</td>
</tr>
</tbody>
</table>

*Source: Author’s own work*

In summary, this section concludes the research design and data collection in Huawei based on research aim, objectives and questions. It figures out the relationship between questions in questionnaires and interviews and the research questions. It also summarizes the data which has been collected inside and outside Huawei in China, Ghana and the UK. To analyze the data, the next section will discuss the method of template data analysis and translation reliability of questionnaires and interview transcripts.
4.4 The Methods of Data Analysis and Translation Reliability of Questionnaires and Interview Transcripts

According to Crabtree and Miller (1999), template analysis refers to the application of a template or codes to data from the research or theoretical perspectives. In other words, it is a connection between codes and text. More recently, template analysis is regarded as an effective method to structure qualitative data, especially in the organisational research (Minnaar, 2013). It establishes data set with identified themes and catalogues them in a logic way. Themes, codes and template are key factors in template analysis. Themes refer to the relevant factors or features researchers discover from data collection. Codes are the attaching labels to index specific themes of research. After themes and codes are identified and catalogued, template is developed to explore different themes with the aid of coding (Brooks & King, 2014). As this research aims to explore the nature and impact of the practices of IHRM in Chinese MNCs in their headquarters and African subsidiaries, specifically the factors that impact on performance management, template analysis is suitable to gain a comprehensive picture of the contextual factors and related issues. Furthermore, with the application of template analysis, the large and unstructured qualitative data is able to be analysed in a clear and logic way after the primary data collection (Waring & Wainwright, 2008).

Specifically, there are several reasons why template analysis is applied in the research. Firstly, it tends to reveal the beliefs, attitudes and values of research participants as template analysis is able to formulate a contextual constructivist stance and to make the participants conducive to their position (King, 2004). Next, template analysis is more flexible to specific contexts rather than following standardized procedures of data collection and analysis. So it is easier for researchers to adapt to certain circumstances (Strauss & Corbin, 1990; King, 2012). Finally, with a priori codes, template analysis can strike a balance in the process of data analysis. It develops conceptual themes, catalogues them into broader groups and identifies them into constituent themes. In this way, the perspectives of different groups and the influence of different factors in a specific context can be compared and analysed (Brooks & King, 2014).

Template analysis is flexible in accordance with different contexts or projects, but generally, it
is divided into four processes (King, 2004). It starts with the creation of initial template and codes to guide the following analysis. Then, considering the concerns of research participants, the template is revised. In this process, the irrelevant issues, assumptions or factors could be deleted, new codes could be inserted, too narrow or broad scope could be changed and the classification of sub-category and higher category could be modified (King, 2004). Next, with effective data decoding and analysis, the academic and theoretical framework in literature review will be developed. In this way, theories are connected with practical data and contexts. The final process is results reporting. In this process, a ‘final’ template will be developed, however, it can still be improved if there are any relevant text and transcripts remaining unclear. In a nutshell, the process is an iterative approach, which combines the conceptual framework with data interpretation. After data collection and analysis, the framework will be improved. In other words, it is a circular process and enables the researcher to take a reflective approach on theoretical framework and practical findings (Waring & Wainwright, 2008).

In addition, some software, such as NVivo, which supports qualitative data analysis, will also be applied as a suitable tool to accommodate different sources of data, to enable cross coding, and to identify different patterns and themes within the transcripts (Saunders et al. 2012). It is also an effective way to help researchers identify relationships among different factors (Gibbs, 2002). Although it can only facilitate the organizing and examining of data instead of making judgement, it can simplify the complex of codes and texts and improve the depth of analysis. Moreover, the template tables and figures in template analysis make it more suitable for computer-assist analysis (King, 2004).

From the above discussion, it is clear that template analysis is applied for data analysis in this research as one of its most significant advantages is the flexibility and modification for a particular research context. It is a well-structured approach to help the researcher for data analysis in a clear and organised way (King, 2004). With this technique, data collected from interviews and questionnaires will be classified into different codes and themes for exploration. Berg (2007) has pointed out that the organized and systematic coding is able to make it much easier for data findings exploration and answering research questions. Through those data, themes and issues of performance management of IHRM in the Chinese MNC, Huawei will be developed in templates. Quantitative and qualitative data findings are compared and analysed for discussion in the following parts. Interview excerpts and data
charts of questionnaires are also presented to support the arguments. All findings are relating to the answers to the research questions.

Specifically, in this research, data will be recorded with the consent of the interviewees and the principal investigator will take notes as transcripts at the same time. Questionnaires for a general picture will firstly be analysed to identify different factors and to compare their influence on the practices of IHRM in Huawei between subsidiaries in Ghana and headquarters in China. Then, some key answers from semi-structured interviews will be explored in further details with the help of transcripts.

This research firstly develops an initial template to identify the practices of IHRM, contextual factors and the transfer of IHRM practices in Huawei from its headquarters in Shenzhen, China to subsidiary in Accra, Ghana on the basis of research aim and questions. In accordance with the data collected from questionnaires and interview transcripts in Ghana and China, the initial template will be improved with themes and issues of performance management in IHRM in Huawei emerging in a new template. Then, quantitative and qualitative data findings are compared and analysed for discussion. Interview excerpts and data charts of questionnaires are also presented to support the arguments. All findings are relating to the answers to research questions. Finally, coding templates will be summarized to explore the nature and impact of the practices of IHRM in Chinese MNCs in their headquarters and African subsidiaries, specifically the factors that impact on performance management. Figure 4-5 below demonstrates the basic processes of template analysis in the thesis.

Figure 4-5: The Basic Processes of Template Analysis in this Research

| Initial template based on the research aim and objectives | Revised template according to collected data through interviews and questionnaires in Huawei | Developed template which combines the theoretical frameworks and the practical contexts in Huawei | Result reporting of the final template and writing up |

Source: King (2004)
As for the translation reliability of questionnaires and interview transcripts, the author translates them from Chinese to English according to the interview recordings. To make sure the reliability of translation, peer check is implemented in this process. A fourth-year Ph.D. student, who is a native Chinese speaker and is based in the Global Development Institute, University of Manchester, helped the author with the reverse translation check. Firstly, the author chose one of the translated questionnaires and two interview transcripts from Chinese to English in a random way. Then the Chinese colleague did the reverse translation from English to Chinese for reliability check. Finally, the author made a comparison of the questionnaires and interview transcripts in two versions to ensure the accurate understanding of collected data. The differences of translation between original data and the peer-checked version have been emphasized in a red and bold font in Appendix Two. Only one sentence (due to the abbreviation of Time-based Unit Plan-TUP in Huawei) and two words are not totally similar to the original version, which does not influence the accuracy of data coding and analysis. So the translation of questionnaires and interview transcripts is reliable for data analysis and discussion in the following chapters.

4.5 The Research Ethics Consideration

To make sure the implementation of the research, the last but not least issue is ethics. According to Thomas (2004, pp. 90-91), ethics are

*moral principles which aim to direct a person's behaviour in the society. Those principles also direct practitioners when they link the ethical implications with their work.*

Since the methodological procedures are usually regarded as a desirable process to develop knowledge, researchers may face an ethical dilemma (Kelman, 1965). That is whether to stick to the requirements of research or to maintain their positions as a good citizen. So it is significant for researchers to find proper way to cope with the ethics. In details, the establishment of ethic codes is an effective way to regulate researchers’ behaviour (Academy of Management, 2000). The codes illustrate the responsibilities of academic members. Firstly, it places emphasis on the prudence and confidentiality to do research. Academic researchers should be honest and respectful to the rights of all interviewees and organisations. The protection of their privacy and dignity cannot be ignored. Secondly, the ethics codes point out
the importance of safety. In management domain, physical harm is not very common, but participants tend to be exposed to the risk of psychological and social harm. So it is necessary for researchers to ensure the protection of participants in the process of data collection and research publication (Thomas, 2004). Finally, researchers achieve the informed consent of the participants in the research. Sufficient information should be available to people so that they are able to decide their participation to the research. In practice, however, as people tend to change their behaviour when they are informed to be studied, deceptive research may be allowed in certain circumstances. But it is still a controversy in the codes of ethics (British Psychological Society, 2000). Figure 4-6 below demonstrates the main ethical consideration in each process of the research.

Figure 4-6: Ethical Consideration in each Process of the Research

![Ethical Consideration in each Process of the Research](source: Author’s construct based on Saunders et al. (2012).

In this research, all the participants are offered a research introduction that includes the research aim and objectives, relationship between the researcher and organisations to ensure the process and the confidentiality agreement of the research (Saunders et al., 2012). The confidentiality letter is distributed to the participants in organisations. The letter aims to ensure the highest confidence of the interviewees and the anonymity in writing the thesis. The data collected from interviews and questionnaires will not be shared with other parties both internal and external to the study’s organisational case. With regard to more details, these are
included in the presented documents which are in line with the contents of the author’s submission to the University of Manchester’s Ethics Committee.

As for the storage of the data collected from interviews and questionnaires, it is kept in a password-protected and non-networked system. The transcripts of the interviews are also stored securely in an anonymous form to analyze the research results. The confidentiality is confirmed and the informed consent is ensured before the implementation of the research. The interviews are conducted among the staff which includes employees from various levels in the organisation. The questionnaires and interviews are in accordance with guidelines established by the University of Manchester’s Ethics Committee.

4.6 The Summary of Chapter Four

This chapter has clarified the research design and methodology, linking frameworks in Chapter Two with specific contexts in Chapter Three. Based on the methodology framework by Saunders et al. (2012), research philosophies, choices, approaches and strategies are discussed, respectively. In accordance with the research aim, objectives and questions, a mixed method, triangulation, which includes both qualitative and quantitative methods, is applied in this research. In other words, both questionnaires and interviews are conducted for data collection and design based on research aim, objectives and questions. Furthermore, considering the form of research questions and relevant situations, a case study is chosen as the research strategy within a Chinese Multinational Corporation, Huawei.

Specifically, data is collected from the headquarters of Huawei in Shenzhen, China to its subsidiaries in Accra, Ghana and Reading, the UK. To plan the research in a more comprehensive way, data from outside the organisation is also collected for comparison and analysis. In total, thirty-two interviews and questionnaires have been collected inside Huawei, with eighteen in the headquarters in Shenzhen, China, thirteen in the subsidiaries in Accra, Ghana and one in Reading, the UK. As for data outside Huawei, it has been collected from three Chinese state-owned Enterprises, one American Multinational Corporation and one Chinese SME.

After the discussion of research design and collecting data in the case study, template analysis is explored as the data analysis method. It clarifies the reasons why template analysis is
chosen in the research with its specific advantages, which provides flexibility and modification for a particular context and helps the researcher analyse data in an organised way and catalogue it into different codes and themes for further exploration (King, 2004). To make it more specific, it then gives details on basic processes of template analysis applied in this research with the support of software NVivo. Finally, this chapter discusses the translation reliability of questionnaires and interview transcripts through peer-check and research ethics issues following guidelines established by the University of Manchester’s Ethics Committee.

In this chapter, methods of research design, data collection and analysis has been clarified. The next Chapter will explore the results of the data analysis from both questionnaires and interviews. It will discuss the findings of systems, processes and influential factors of performance management in Huawei and the effectiveness of its transfer from headquarters in Shenzhen, China to subsidiaries in Accra, Ghana.
CHAPTER FIVE: PERFORMANCE MANAGEMENT IN IHRM IN HUAWEI AND ITS TRANSFER FROM THE HEADQUARTERS IN SHENZHEN, CHINA TO SUBSIDIARIES IN ACCRA, GHANA

With research data collected in Huawei’s headquarter in Shenzhen, China and its subsidiary in Accra, Ghana, this chapter explores the systems, core values, practices, main issues and factors which influence performance management in Huawei with an adaptation of a western system transferred from its Chinese headquarters to international subsidiaries through quantitative and qualitative data analysis. This chapter is based on the theoretical frameworks in Chapter Two and links those frameworks with the research contexts in Chapter Three through the research methodology which is designed in Chapter Four. Specifically, Research Objectives One and Two and Questions One, Two and Three in Figure 5-1 (similar to Figure 1-4) will be explored in this chapter.

Figure 5-1: The Linkage of Three Research Objectives and their Relationship with the Research Questions

Source: the author’s own work
Research Questions to explore in this chapter:

1) What are the standardized systems and practices of performance management in a Chinese telecommunication MNC, Huawei?

2) What are the main issues and factors in the process of diffusion when the Chinese telecommunication MNC, Huawei, transfers its IHRM policies and practices from Chinese headquarters to African subsidiaries with reference to purpose and design of performance management?

3) How do the systems and practices of performance management in Huawei transfer from the headquarters in Shenzhen, China to subsidiaries in Accra, Ghana with its specific characteristics?

5.1 The System, Core Values and Processes of Performance Management in Huawei from Headquarters in Shenzhen, China to Subsidiaries in Accra, Ghana: Qualitative Findings

With the cooperation between Huawei and IBM consultants since 1998, Huawei has developed its own performance management system. As Section 3.3 has pointed out the system of performance management in IBM is the Personal Business Commitments (PBC) and Huawei has established its own system for performance management linking the western system in IBM with specific Chinese characteristics to manage staff from headquarters in China and in its subsidiaries worldwide. According to Chen (2014), the most significant characteristics of performance management in Chinese organisations, both in multinational corporations (MNCs) and small and medium enterprises (SMEs), are strong executive ability and result orientation. Firstly, strong executive ability makes the achievement of targets and results in performance management more effective and efficient. At the same time, with a successful performance management system, the executive ability in organisations can keep employees’ enthusiasm and motivate them even under huge pressure. From the data collected through semi-structured interviews, the performance management in Huawei is explored from its headquarters in Shenzhen, China to subsidiaries in Accra, Ghana and Reading, the UK with the examination of the system, core values and processes involving in managing performance in this organisation.
5.1.1 The system and core values of performance management in Huawei

From the data collected in semi-structured interviews, interviewees have indicated that Huawei applies a same system to implement performance management both in its Chinese headquarters and international subsidiaries, which is the Personal Business Commitments (PBC) based on the cooperation with IBM. According to staff members in the Human Resource Department, the aim of performance management in Huawei is

*To improve the staff performance and to achieve the organisational strategies by setting up targets, tasks, direction and key points in the process of result achievement. With the PBC system, it is regarded as a tool to support our daily work.* ---Staff member in the Human Resource Department in the headquarters of Huawei, Shenzhen, China.

This quotation indicates the improvement of staff performance in order to achieve organisational strategies is the aim of performance management in Huawei. As for the structure of performance management in Huawei, interviewees regard it as a top-down designed system to manage performance. Specifically, at beginning of the year, headquarters allocate targets and objectives to different departments and 16 to 17 regional subsidiaries through team Key Performance Indicators (KPI) on the basis of organisational business strategies. Then the regional subsidiaries allocate that team KPI to representative offices globally. One of the interviewees explained that,

*For the KPI of our team in Ghana, the Western African subsidiaries of Huawei allocate team KPI to our representative offices in Accra. The Western European subsidiaries allocate it to the representative offices in the UK.* ---Staff member in the Human Resource Department in the subsidiaries of Huawei, Accra, Ghana.

Furthermore, the achievement of KPI indicators is one of the important sections in the PBC system for department leaders and heads of subsidiaries and representative offices. In order to achieve the team KPI, department leaders and managers in subsidiaries divide it by specific result-oriented targets and Key Performance Affairs (KPA) to individuals through the PBC system.
If the assessment of team KPI is ‘B’ or ‘C’ in an African representative office, staff members there are difficult to get an ‘A’ in their individual PBC. Even if some of them get an ‘A’, the ratio of those employees in this office is much less than another African office which has a group KPI assessment of an ‘A’.--- Staff member in the Sales and Customer Department in the subsidiaries of Huawei, Accra, Ghana

So the achievement of team KPI influences the evaluation of individual PBC as one staff member in the African subsidiaries has mentioned above.

Interviewees indicate there are three core values of the performance management in Huawei. Result-oriented assessment is regarded as the first value to evaluate performance in Huawei’s PBC system. It emphasizes the achievement of targets in an efficient and effective way. For employees at the basic level, result and target achievements account for the most sections in their PBC system. For managers and leaders, both qualitative PBC indicators, such as employees’ health, retention and psychology and quantitative indicators, such as the achievement of their team KPI play a significant role to manage their performance in the PBC system. One of the staff members in Huawei said that,

‘The assessment of the PBC is not process-oriented, but result-oriented. For example, managers or employees have designed the tasks by steps A, B and C, but targets and results are achieved by steps C, D and E. The employee can still achieve a good PBC score.’--- Staff member in the Organisational Change Department in the headquarters of Huawei, Shenzhen, China.

From the excerpt, it is obvious that the processes or procedures to achieve the targets do not influence the assessment of performance, since the most significant criteria is the achievement of the results. To ensure it, flexibility and adaptation is allowed for staff in accordance with specific contexts. Another staff member in Huawei underscores this point,

‘There are no specific requirements on the processes, but result achievement is the most important. Flexibility is to be taken into account to achieve the targets.’ --- Staff member in the Technical Department in the headquarters of Huawei, Shenzhen, China.
Secondly, with an over-decade military background, the former CEO of Huawei, Ren Zhengfei attaches great importance to strong executive ability in this organisation. He advocates the ‘wolf culture’ in Huawei with sharp insights and responses to competitors (Huang et al., 2014). Ren Zhengfei says,

‘Our organisation plans to develop a group of wolves with three characteristics, including sharp insight, hardworking and teamwork.’ (Huang et al., 2014, pp. 23-24)

Some of staff and academics in China also attribute Huawei’s success to its strong executive ability. Sun (2014) indicated that as Huawei was established in a highly competitive environment with limited technology and resources, hardworking under high pressure is one of its most important organisational cultures. The strong executive ability in Huawei is a result of its high salary incentive and high pressure working environment. With high salary incentive, staff has enthusiasm to achieve their targets even under huge pressure or in very difficult environment like following military principles, such as working in Somalia or even the close to Arctic. It is also closely related to the strong executive ability in Huawei. As the CEO, Ren Zhengfei pointed out Huawei can survive only when it has huge pressure and strong crisis awareness to keep flexible and agile (Cheng, 2013). From the semi-structured interviews, one of the staff members narrated that,

‘Strong executive ability in the organisation ensures the policy diffusion and implementation in a more effective and efficient way, from the chief management team then to administrative departments in headquarters which design targets and plans, then to the Regional Subsidiaries globally with specific policies and requirement.’ ---Staff member in the Organisational Change Department in the headquarters of Huawei, Shenzhen, China.

In this case, it is clear that the strong executive ability ensures the transfer of policies and practices in Huawei from headquarters in China to subsidiaries worldwide. Another staff explained the policy implementation in Huawei with the influence of strong executive ability below,

‘The policy implementation and circulation in Huawei is with strong executive ability, policies from the headquarters are adjusted in subsidiaries, and then
subsidiaries report its implementation for headquarters to do review and adaptation. Finally, new policies will be released from headquarters to subsidiaries in a ‘trials and failure’ process.’ ---Staff member in the Sales and Marketing Department in the headquarters of Huawei, Shenzhen, China.

Those excerpts establish that the strong executive ability is another significant core value of performance management in Huawei. It illustrates the use of a top-down hierarchy to manage performance in this organisation and the way policies are decided in the headquarters and then transferred to international subsidiaries. Moreover, high salary incentive under huge pressure ensures the achievement of strong executive ability in this way.

The last core value of performance management in Huawei is teamwork. The CEO, Ren Zhengfei advocates the ‘wolf culture’ in Huawei which is characterized by ‘teamwork’. ‘Courage, wisdom and executive ability are the most important factors of teamwork in the wolf culture’, (Cheng, 2013, pp. 35). For performance management, team KPI targets play a decisive role in the assessment of performance for both managers and employees. The approach stipulates that all the members in one group need cooperate with each other to ensure the achievement of team KPI. Only when the team KPI is fulfilled, individual bonus, share benefits and salary can be increased in PBC system. As one staff member in Ghana explained clearly,

‘The KPI or PBC achievement of the whole team, such as the regional subsidiaries or representative offices influences individual PBC assessment results.’--- Staff member in the Customer and Sales Department in the subsidiaries of Huawei, Accra, Ghana.

This excerpt illustrates that people in the same team or group need to cooperate with each other to foster the opportunity and to achieve the goals as it definitely influences the assessment of their individual performance. In this way, teamwork improves employees’ capability to overcome their weakness by being complemented by others’ strong points, and to develop a mode of ‘win-win’ cooperation for the same targets. This section has introduced the system and core values of performance management in Huawei. Core values to manage performance are result-orientation, strong executive ability in a top-down way and teamwork. Figure 5-2 below makes a brief summary and the next section will discuss key processes of performance management in Huawei through the PBC system.
Core Values:

- Result-oriented evaluation
- Strong executive ability
- Teamwork

Business Strategies and Targets designed by the headquarters in China (annually or half a year)

Targets from the headquarters are divided among about 17 regional subsidiaires into group KPI across the world

Targets from the subsidiaries are divided among local representative offices into group KPI across the world

Individual performance indicators are established by local office managers

1. Group KPI for representative offices or departments (especially in PBC of managers but influencing other employees as well)
2. Individual specific indicators and key performance affairs (KPA) to achieve group KPI (for managers, indicators include both business and human resource management)
3. Plan for future development (not included in the performance evaluation)

Source: the author’s own work based on data collected through semi-structured interviews.
5.1.2 The processes of performance management in Huawei

Based on the above system and core values of performance management in the organisation, Huawei divides it into four processes, 1) Target Setting, 2) Performance Coaching, 3) Performance Evaluation and 4) Performance Application and Communication. The first process Target Setting is top-down designed by managers from a higher level to allocate targets to employees at lower levels based on their own PBC indicators or their team KPIs. As one of the staff member in the interview narrated that,

‘The performance management system is designed by line managers in a top-down way, so it may be not practical enough in the front line. Line managers divide the PBC targets for employees based on their own PBC indicators.’ ---Staff member in the Auditing Department in the headquarters of Huawei, Shenzhen, China.

More specifically, this system includes target formulation and communication. One staff member in the Human Resource Department in the headquarters of Shenzhen explained that,

Firstly, to formulate targets in Huawei, three factors are taken into account, including result-orientation, operational processes and industry/team requirement. Furthermore, requirements from the industry and cooperation among team members influence the target setting as well. After the targets are established by managers or leaders, communication plays its role as they need to reach an agreement with the employees on the targets. It is called as (target match) in Huawei. Finally, both line managers and employees sign their signatures in the PBC system. ---Staff member in the Human Resource Department in the headquarters of Huawei, Shenzhen, China.

This excerpt clearly indicates targets are formulated for performance assessment in Huawei, which is they are mainly set up by line managers according to the requirement from the higher level and then they will communicate with staff for clarification. In this process, result-orientation, industry requirement and teamwork are key factors need to be considered. The interviewee also clarified that,

The target setting is implemented annually at the beginning of the year. Sometimes, it can be set up half a year or seasonally depending on specific projects or
positions. The targets include quantitative, qualitative and time-bound indicators. But the assessment of each indicator in the system is changeable depending on specific position and projects as well. ---Staff member in the Human Resource Department in the headquarters of Huawei, Shenzhen, China.

In this case, new targets are generally set up for a year, or depend on specific projects or positions. But flexibility is allowed in the process as result achievement is the most important issue.

The second process is performance coaching. After the targets are set up, periodical and continuous coaching and review are implemented between line managers and Staff member in order to ensure the appropriate track of the processes to achieve the targets. Especially for key affairs leading to the targets, line managers give employees support to achieve the goals. They encourage staff for their good performance and advise them for further improvement. Staff can also ask for help from their line managers to facilitate target achievement. In this process, interviewees indicated that the most crucial factor in performance coaching is communication between line managers and staff. One of them narrated that,

‘In practice, the second process of PBC, performance coaching and guiding is the most important and communication plays a significant role. With communication, managers are able to know the problems and requirement of employees and give them appropriate suggestion in the processes to achieve the targets. On the other hand, employees can ask for help and suggestion from managers through proper communication.’--- Staff member in the Sales and Marketing Department in the headquarters of Huawei, Shenzhen, China.

The next process is Performance Evaluation, which includes two main parts, self-assessment and comprehensive assessment. In details, employees develop a self-assessment report based on their target achievement and line managers cooperating with other peers do the comprehensive evaluation based on PBC indicators and achievement on Key Performance Affairs (KPAs). The Human Resource Department plays a monitoring and technical support role in this process. According to a staff member in Huawei, line managers play the most significant role in Performance Evaluation, accounting for over 70%-80% in the process. But the HR Department only accounts for less than 10% to offer technical support or give some suggestion on the employees’ performance assessment. This relationship is outlined below:
‘The line managers are very important to decide and evaluate indicators in the PBC system, then individuals, then HR staff who has quite a little influence on it.’

-- Staff member in the Financial Monitoring and Accounting Department in the headquarters of Huawei, Shenzhen, China.

A significant issue in Performance Evaluation is relative-assessment of quantitative performance targets, especially for mid-level managers and staff members in sales and market departments due to rapid change in their business and positions. One of the interviewees explained it with an example,

‘Although both Employee X and Employee Y in the Sales Department achieved the same sales targets of 10 million yuan, Employee X is evaluated an ‘A’ in the PBC as his/her sale target at beginning of the year is 6 million yuan, while Employee Y is evaluated a ‘B+’ as his/her sale targets is 8 million yuan. In other words, Employee X achieved the targets with a ‘4 million’ extra while Employee Y achieved the targets with a ‘2 million’ extra. So Employee X has a better PBC evaluation results than Employee Y.’

--- Staff member in the Customer and Sales Department in the subsidiaries of Huawei, Accra, Ghana.

Thanks to the example in this excerpt, it is clear that the assessment of quantitative targets in Huawei depends on practical contexts and some flexibility is allowed to ensure the equality and fairness among staff. Another issue is the assessment of qualitative targets, which are difficult to be evaluated by quantitative indicators or results. As subjective impression and attitude plays an important role in this part, assessment of qualitative targets cannot be ignored to ensure fairness and equality in the organisation, especially for international staff. One employee in the headquarters indicated that such judgements represents a significant part of PM evaluation.

‘Quantitative indicators accounts for 60%-70%; Subjective factors by line managers account for 30%-40%. The assessment of those factors is flexible and result-oriented.’

---Staff member in the Project Management and Operation Department in the headquarters of Huawei, Shenzhen, China.

The last issue in the Performance Evaluation process is the influence of team KPI on individual PBC assessment. As team or department KPI influences the evaluation of individual performance, some employees work very hard and achieve their targets, but they
still cannot get an ‘A’ in their PBC because of the achievement of group KPI. It reduces their motivation and enthusiasm, especially for some local employees in African subsidiaries as the quotation below from an interviewee in Ghana implied that,

‘Team KPI influences the individual PBC. Local staff members in Africa do not understand it because they’ve achieved their individual goals.’ --- Staff member in the Sales and Customer Department in the Subsidiaries of Huawei, Accra, Ghana.

Finally, Performance Application and Communication is the last process. It refers to further capability improvement and development for employees based on their performance evaluation. Staff members in the Human Resource Department in Huawei explained it with more details,

‘In this process, line managers and staff communicate and estimate their advantages and disadvantages according to the target achievement. They make plans or programs for skills or abilities improvement and development in future, such as language skills, operation of standardizing procedures or presentation on new products. But the fulfilment of those plans or programmes is not included into the Performance Evaluation or Assessment of the employee.’ ---Staff member in the Human Resource Department in the headquarters of Huawei, Shenzhen, China.

From this quotation, we note that the role of performance application and communication is closely related to future development of the employees. It is also regarded as an incentive and retention policy to staff with the career development planning. However, this process suggests no forward job plan is evaluated at the year-end for an individual and it does not focus on individual learning needs which play a significant role in the achievement of team KPI. Chapter Six below will explore more on the problems and challenges resulting from this process.

From the above discussion, performance management in Huawei is divided into four processes, including Target Setting, Performance Coaching, Performance Evaluation and Performance Application and Communication through the PBC system. Figure 5-3 below summarizes the main processes and key elements of performance management in Huawei.
In a nutshell, based on the analysis of data collected from semi-structured interviews in the headquarters of Huawei in Shenzhen, China and Representative Offices in Accra, Ghana and Reading, the UK, this section has explored the systems, core values and processes of performance management. The system is designed as a top-down structure and characterized by result-oriented evaluation, strong executive ability and teamwork. It is divided into four processes, including Target Setting, Performance Coaching, Performance Evaluation and Performance Application and Communication. Based on qualitative data analysis through interviews, it is obvious that Huawei attached great importance to the processes of Target Setting and Performance Evaluation. However, some ignorance of Performance Coaching and Performance Application and Communication may lead to challenges and problems for performance management in the organisation and reduce the effectiveness of its system. Chapter Six will discuss those challenges in more detail. Further, to ensure the efficiency and effectiveness of the performance management in African subsidiaries or Representative Offices of Huawei, the impact of some additional factors need to be taken into account. From the analysis of data collected by questionnaires and interviews, the following section will discuss those influential factors of performance management in Huawei from its headquarters in Shenzhen, China to its subsidiary in Accra, Ghana.

Source: the author’s own work based on data
5.2 Factors which Impact on the Effectiveness of Performance Management in Huawei from Headquarters in Shenzhen, China to Subsidiaries in Accra, Ghana: Quantitative and Qualitative Findings

The last section discussed the systems, core values and processes of performance management in Huawei from the data collected through semi-structured interviews. To ensure the effectiveness of performance management in Huawei from its Chinese headquarters to subsidiaries and representative offices in Ghana, the impact of some crucial factors are explored in this section. Based on the conceptual frameworks in Chapter Two and research methodology in Chapter Four, both questionnaires and interview questions are designed and their details are included in Appendix One. Specifically, questionnaires are designed to support the semi-structured interviews to test the influence of factors on the effectiveness of performance management in Huawei. Through questionnaires, main influential factors are identified and then interview questions emerge from the questionnaire data to further explore those factors. In other words, according to the data collected from questionnaires, interview questions are developed. This section will firstly focus on quantitative data findings through the questionnaires and then discuss qualitative findings from the interview questions.

5.2.1 Influential factors of performance management in Huawei from headquarters in Shenzhen, China to subsidiaries in Accra, Ghana --- Quantitative findings

To meet the research aim and objectives and frameworks in Chapter Two and Three (Template One and Template Two), questionnaires are designed to test the influence of seven factors on the effectiveness of performance management in Huawei from its headquarters in Shenzhen, China to subsidiaries in Accra, Ghana. Those seven factors include 1) culture, 2) labour capability, 3) legal and institutional issues, 4) organisational structure, 5) business strategies, 6) employee empowerment & engagement and 7) standardisation & adaptation. Based on the data collected from eighteen questionnaires in the headquarters of Huawei in Shenzhen, China and twelve in its representative offices in Accra, Ghana, the influence and importance of those seven factors on the effectiveness of performance management in Huawei are examined and illustrated as below.
Table 5-1: Score of the Five Likert-Type Questions in Questionnaires

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neither Agree nor Disagree</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Quantitative Data Analysis.

From the data findings through questionnaires (Appendix One), it is obvious that all those seven factors, which include culture, labour capability, legal and institutional issues, organisational structure, business strategies, employee empowerment & engagement and standardisation & adaptation, have impact on the effectiveness of performance management in Huawei when it transfers from the Chinese headquarters to African subsidiaries. According to the score calculation in Table 5-2 and Figure 5-4 below, the importance of each factor’s influence on performance management in Huawei is subject to variation.

Table 5-2: Mean Scores and Strongly Disagree (SD) on the Variations in Questionnaires

<table>
<thead>
<tr>
<th>Variation</th>
<th>Score Variation</th>
<th>Mean</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Shenzhen, China</td>
<td>In Accra, Ghana</td>
<td>In Shenzhen, China</td>
<td>In Accra, Ghana</td>
</tr>
<tr>
<td>1. Culture</td>
<td>4.33</td>
<td>4.38</td>
<td>0</td>
</tr>
<tr>
<td>2. Legal and institutional factor</td>
<td>3.89</td>
<td>3.60</td>
<td>0</td>
</tr>
<tr>
<td>3. Business strategy</td>
<td>3.72</td>
<td>3.82</td>
<td>0</td>
</tr>
<tr>
<td>4. Organisational structure</td>
<td>3.22</td>
<td>3.69</td>
<td>0</td>
</tr>
<tr>
<td>5. Employee empowerment and engagement</td>
<td>3.95</td>
<td>4.05</td>
<td>0</td>
</tr>
<tr>
<td>6. Standardisation and adaptation</td>
<td>3.48</td>
<td>4.09</td>
<td>0</td>
</tr>
<tr>
<td>7. Labour capability</td>
<td>3.72</td>
<td>3.76</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Quantitative Data Analysis.
Figure 5-4: Factors Influencing the Effectiveness of Performance Management in Huawei from Data Analysis in Shenzhen, China and in Accra, Ghana

According to the data collected in Huawei in Shenzhen, China and Accra, Ghana, culture influence on performance management ranks in the first place with the indicator of 4.33 and 4.38, respectively. It shows culture plays a more important role in Ghana than it in China. Employee empowerment and engagement also play a significant role based on the analysis with 3.95 in China and 4.05 in Ghana. Then standardisation & adaptation rank the third place, but the data demonstrates a difference between Huawei’s headquarter in China and the subsidiary in Ghana namely, as 3.48 and 4.09, respectively. It demonstrates that the practices of PM in Huawei’s subsidiary in Ghana are more likely to be influenced by the standardization & adaptation in the organization. The next factor is business strategy, which is 3.72 in China and 3.82 in Ghana. Then the influence of labour capability, organisational structure and legal and institutional influence follows according to the data. In the headquarters in China, legal and institutional factor plays a more important role compared that
in Ghana with the indicators of 3.89 and 3.60, respectively. But the employees in the subsidiary give more emphasis on the role of organisational structure with the indicators of 3.22 and 3.69, respectively. Both headquarters and the subsidiary recognize the significance of labour capability on the effectiveness of PM with a figure of 3.72 and 3.76, respectively. However, data collected in the subsidiary in Accra, Ghana, showed a small level of strongly disagree on the influence of labour capability, organisational structure and legal and institutional factor as 0.52, 0.65 and 0.91, respectively.

The quantitative data demonstrates that, overall, the most important factor which influences the effectiveness of performance management in both Ghana and China is culture. Then, employee empowerment and engagement and standardization & adaptation also play important roles in the PM practices. However, in the headquarters, legal and institutional influence is more significant than that in the subsidiary. While in the subsidiary, organisational structure is paid more attention compared with the headquarters. A very small proportion of staff members in the subsidiary strongly disagree the influence of labour capability, organisational structure and the legal and institutional factor on PM practices.

In summary, this section has discussed seven factors and their importance on the effectiveness of performance management from Huawei’s headquarters in China to subsidiaries in Ghana on the basis of quantitative data findings. The next section will explore further on the influential factors which are closely relating to the effectiveness of performance management in Huawei according to the data collected through semi-structured interviews.

**5.2.2 Influential factors of performance management in Huawei from its headquarters in Shenzhen, China to subsidiaries in Accra, Ghana --- Qualitative findings**

Grounded on the models in Chapter Two and Three, the influence of seven factors on the effectiveness of performance management in Huawei is explored from Huawei’s headquarters in Shenzhen, China to subsidiaries in Accra, Ghana. According to the research aim and objectives, semi-structured interviews are designed to expand understanding on the influence of those factors. So after the analysis of quantitative data, the influence of several other factors on the effectiveness of performance management in Huawei is discussed in this section with the qualitative data collected from interviewees on the foundation of their practical working experience in African subsidiaries and Chinese headquarters.
A. Intercultural Communication

The first important factor figured out by employees in Huawei is intercultural communication, which is closely related to the effectiveness of performance management and its transfer from the headquarters to subsidiaries. In the four processes of performance management in the Personal Business Commitments (PBC) system, intercultural communication may play a crucial role. More specifically, in the first process of target setting, one interview explained that,

‘At the beginning of the year, line managers and department leaders will set up targets for staff. If the staff finds any problem with their targets, such as too much pressure or confusing issues, they can communicate with their managers for adjustment or clarification.’ --- Staff member in the Human Resource Department in the headquarters of Huawei, Shenzhen, China.

This excerpt demonstrates the significance of intercultural communication on adjustment and clarification of target-setting in the first process of performance management in Huawei. Then in the second process, performance coaching, one of its most critical elements is the intercultural communication between managers and staff to ensure the right direction for target achievement, especially for local staff member in Huawei’s subsidiaries overseas. One Chinese manager made a comparison between Chinese and local staff members in Ghana in respect of this issue,

‘We need less communication for Chinese staff here as they can easily understand our indicators, both the team KPI of the departments or managers and individual ones. They are also more familiar with the way to achieve the targets compared with some local staff.

But, for local African staff, we have to make more communication with them to ensure they can understand the importance of the team KPI indicators as one of our organisational culture. We also have to clarify more details during the processes as a coaching approach to ensure the target achievement.’ --- Staff member in the Supply Chain Department in the subsidiaries of Huawei, Accra, Ghana.
From this quotation, it is obvious that in the process of performance coaching, greater intercultural communication effect and clarification is needed between Chinese managers and local staff members in African subsidiaries to make sure their understanding of the tasks and target achievement is clear. For the next process, performance evaluation, intercultural communication is a significant factor as well. One Staff member in the headquarters narrated that,

‘As the performance evaluation is a comprehensive process, which needs self-assessment, manager-assessment, peer review and support and scrutiny from the HR department, based on key affairs and target achievement, communication in this process is very important. In addition, due to the cooperation among different departments for the evaluation, they also need communication to ensure the implementation.’ --- Staff member in the Human Resource Department in the headquarters of Huawei, Shenzhen, China.

The above excerpt underpins the importance of intercultural communication in performance evaluation as it is a comprehensive process which needs cooperation among different departments and staff from various levels in the organisation. In the African subsidiaries, this communication is, therefore, intercultural with a set of challenges. The last process of performance management in Huawei is performance application and communication, and it is also closely linked with future development of services and business in the organisation. One local staff member explained that,

‘It is important for line managers to tell us the results of our performance evaluation because in this way, we can understand our business and customers and can tailor the solutions to suit our organisation and customers. But the managers do not communicate the results of team KPI with us. Some of them only send emails and say nothing. We are confused and do not know what they are rating’ --- Staff member in the Human Resource Department in the subsidiaries of Huawei, Accra, Ghana.

This quotation is an evidence of the critical role of communication in the performance application, which leads to a plan for future development of both employees and the organisation. In other words, whether the intercultural communication in this process is
successful or not will influence future development design and planning of staff and the organisation. In a nutshell, intercultural communication is a key factor which influences the effectiveness of each process of performance management in Huawei.

**B. Greyscale Management**

Based on the qualitative data from interviews, the second factor is the greyscale management approach which refers to an approach characterized by compromise, openness and generosity in the process of performance management and an understanding of compromise, generosity, being open to employees with a balanced direction and tempo, according to Ren Zhengfei, the former CEO of Huawei (Cheng, 2013). Section 3.2 has given an introduction to it with more details from a theoretical perspective. In the practical contexts, staff member in Huawei explained the significant role of greyscale management on the effectiveness of performance management from the Chinese headquarters to Ghanaian subsidiaries. One interviewee addressed this issue as following,

‘In the process of performance evaluation, as our indicators and targets are set up at the beginning of the year, but sometimes they cannot achieve them, for instance, one subsidiary in a country with economic crisis. Considering it, our assessment has flexibility guided by the greyscale management. Especially for our mid-high level staff, as the market is rapidly changing, self-adjustment is important.’ --- Staff member in the Organisational Change Department in the headquarters of Huawei, Shenzhen, China.

This excerpt gives a clear explanation for the role of greyscale management in the process of performance evaluation in Huawei from a practical perspective. It improves the flexibility and adaptation considering unpredictable issues in the practical contexts. Furthermore, it also has a bearing on the result-oriented evaluation in the organisation as one staff explained that,

‘In the sales departments, employees sometimes only have three to four indicators with some key affairs to assess their performance, but those indicators are very result-oriented and cannot demonstrate all the efforts and contribution of our employees. Sometimes although the results are not achieved, it does not represent all their performance. In other words, they tried very hard, but the results are still
not good enough considering some other factors. How can the managers assess them with a bad score of ‘C’ or ‘D’? In this case, we will do the performance evaluation on the basis of our greyscale management. Managers will do the assessment according to their impression on employees and their work toward targets. It enables us to make up or to offset the imperfect parts in the process of performance evaluation and close the gap with flexibility. ’--- Staff member in the Sales and Customer Department in the subsidiaries of Huawei, Accra, Ghana.

From this discussion, it is clear that greyscale management is a complement of the result-oriented value in the process of performance evaluation in Huawei. Especially for the qualitative indicators, as they are difficult to assess compared with quantitative numbers as one interviewee figured out that,

‘For the indicators in the performance management system, greyscale management is important as some of our indicators are difficult to quantify, such as working attitude or personal contribution to the departments or subsidiaries. So the managers need to apply greyscale management into performance management to ensure the assessment is fair and equal.’ --- Staff member in the Products Research and Development Department in the headquarters of Huawei, Shenzhen, China.

According to those quotations, greyscale management is another significant factor which influences the effectiveness of performance management in Huawei, especially in the process of performance evaluation. When the practical contexts are changeable and unmatched with the indicators of performance management system, managers tend to apply greyscale management to assess employees’ performance.

C. The Share Ownership

The third factor relating to the effectiveness of performance management in Huawei is a policy of employee reward, the share ownership. Besides salary and bonus, staff members in Huawei have shares of the organisation as a way of incentive reward according to their rank and performance. An interviewee in the Human Resource Department gave an explanation toward this issue,
‘We have a reward policy called the Time-unit Plan (TUP) which refers to a share ownership of the organisation with a five-year validity to improve the incentive of our staff as part of our performance management. It can also give them a sense of belonging, which is an important “home culture” in Huawei. It is even more attractive to our staff than their salary and bonus.’
--- Staff member in the Human Resource Department in the headquarters of Huawei, Shenzhen, China.

From the qualitative data collected in the headquarters of Huawei, staff made a comparison of their income among their salary, bonus and share and the majority of them held that share income was more attractive than bonus and salary. One interviewee even narrated that,

‘All my efforts and hardworking here for the whole year is encouraged and supported by the income of my share. How can I achieve such a difficult target without my share incentive?’
--- Staff member in the Technical Department in the headquarters of Huawei, Shenzhen, China.

This excerpt illustrates the crucial role of share ownership as an incentive factor for the effectiveness of performance management in Huawei.

**D. Leadership Style**

The last factor is leadership style, which influences the performance management in the organisation, especially in the subsidiaries overseas as one staff member in Ghana offered his ideas on this issue as follows,

‘The assessment of our performance depends on the leadership and the management style of line managers in the departments and subsidiaries. Some line managers do the evaluation based on the indicators of the PBC system, but some do not as they prefer to evaluate staff by result or target achievement.’ --- Staff member in the Contract and Business Department in the Subsidiaries of Huawei, Accra, Ghana.
Another Staff member in the headquarters who has worked in African subsidiaries of Huawei in Uganda, Burundi, Ghana, Tanzania and Zambia also explained that,

‘Our performance assessment in the PBC system depends on the leadership style and judgement of line managers and heads of the subsidiaries. Some of them are very result-oriented.’ --- Staff member in the Accounting and Clearing for the Project Sales Department in the headquarters of Huawei, Shenzhen, China.

Therefore, it can be summarized from the above qualitative data that the effectiveness of performance management in Huawei from its headquarters in Shenzhen, China to subsidiaries in Accra, Ghana is influenced by four factors which are intercultural communication, greyscale management, share ownership reward and leadership style. Table 5-1 below manifests those factors based on the data collected from semi-structured interviews.
Table 5-3: Factors and their Impact on the Effectiveness of Performance Management in Huawei

<table>
<thead>
<tr>
<th>Name of the factor</th>
<th>Impact of the factor on the effectiveness of performance management in Huawei</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Intercultural Communication</td>
<td>➢ It impacts on the adjustment and clarification of target-setting in the first process of performance management</td>
</tr>
<tr>
<td></td>
<td>➢ It helps to ensure the right direction for target achievement in the process of performance coaching, especially for local staff member in Huawei’s African subsidiaries</td>
</tr>
<tr>
<td></td>
<td>➢ It facilitates the cooperation among different departments and staff from various levels in the organisation in the comprehensive process of performance evaluation</td>
</tr>
<tr>
<td></td>
<td>➢ It influences future development design and planning of staff and the organisation in order to offer better products and services to customers</td>
</tr>
<tr>
<td>2. Greyscale management</td>
<td>➢ It improves flexibility and adaptation of performance evaluation in the PBC system considering unpredictable issues in practical contexts, such as the economic crisis</td>
</tr>
<tr>
<td></td>
<td>➢ It is a complement of the result-oriented evaluation in Huawei to enhance the fairness and equality of staff’s hardworking and contribution to the organisation</td>
</tr>
<tr>
<td></td>
<td>➢ It makes performance management more effective for the indicators which are difficult to be quantified from a practical perspective</td>
</tr>
<tr>
<td>3. Employee reward policy: the share ownership</td>
<td>➢ The Time-unit Plan (TUP) refers to a share ownership of organisation with a five-year validity to improve the incentive of staff member in Huawei to give them a sense of belongings</td>
</tr>
<tr>
<td></td>
<td>➢ Many of the staff members in Huawei have considered that the share income is more attractive than their bonus and salary</td>
</tr>
<tr>
<td>4. Leadership style</td>
<td>➢ Leadership and the management style of line managers in the departments and subsidiaries influences performance management as some line managers do the evaluation based on indicators in the PBC system, but some do not as they prefer to evaluate staff only by result and target achievement</td>
</tr>
</tbody>
</table>

*Source: Qualitative Data Analysis.*

In conclusion, guided by the research aim and objectives, this section has explored factors which influence the effectiveness of performance management in Huawei based on both quantitative and qualitative data collected in its Chinese headquarters and Ghanaian subsidiaries through questionnaires and semi-structured interviews. From quantitative data,
the influences of factors in the conceptual frameworks on the effectiveness of performance management are tested. Culture and employee empowerment and engagement are the most important ones. And then in the Chinese headquarters, legal and institutional factor play an important role on PM practices. While in the subsidiaries in Ghana, however, standardisation or adaptation and organisational structure both play crucial roles to manage performance. Besides those factors, several other ones are explored from qualitative data collected through interviews. They are intercultural communication, greyscale management, share ownership reward and leadership style. According to the analysis of interview data, the impact of those four factors on the effectiveness of performance management has been considered and found to be significant in all cases.

The above two sections 5.1 and 5.2 have given an introduction to the systems, core values, four processes of performance management in Huawei and the factors which influence its effectiveness based on qualitative and quantitative data collected in the Chinese headquarters and Ghanaian subsidiaries. To further explore how those issues related to the transfer of performance management in Huawei from China to Ghana with its specific characteristics, the next section will discuss it through the analysis of qualitative data from interviews.

5.3 Moving from 'What' to 'How': Qualitative Findings

After the exploration of the systems, core values and processes of performance management in Huawei and factors which influence its effectiveness in Chinese headquarters and Ghanaian subsidiaries, this section will focus on the transfer of those issues relating to performance management from Huawei’s headquarters in China to subsidiaries in Ghana on the basis of qualitative data collected through interviews. The first part of this section, 5.3.1 will discuss the transfer of systems, core values and practices in the four processes of performance management in Huawei from its Chinese headquarters to Ghanaian subsidiaries. And then, the second part, 5.3.2 will explain how the factors, which have been discussed in Section 5.2, influence the effectiveness of performance management transfer from Huawei’s headquarters in China to subsidiaries in Ghana. In accordance with the research aim and objectives, the analysis in this section is made on the basis of qualitative data collected through semi-structured interviews in Huawei.
5.3.1 The transfer of system, core values and practices of performance management in Huawei from its headquarters in Shenzhen, China to subsidiaries in Accra, Ghana — Qualitative findings

A. The Transfer of Performance Management System and Core Values

According to Section 5.1, the system of performance management in Huawei is the Personal Business Commitments (PBC) developed from the cooperation with IBM of which the core values include result-orientation, strong executive ability and teamwork. From the interviews in Huawei, staff explained that the whole organisation applies one similar system for performance management, which is the PBC system, both in Chinese headquarters and subsidiaries all around the world as one interviewee said,

‘The PBC in our organisation is a top-down structured system from higher to lower levels to set up the targets. It is designed to improve staff performance and to achieve the strategies of Huawei. So the whole organisation, no matter in China or overseas, applies the same system and our targets are imposed at every level.’ --- Staff member in the Human Resource Department in the headquarters of Huawei, Shenzhen, China.

This excerpt indicates that the system of performance management in Huawei is all the same when it transfers from Chinese headquarters to subsidiaries around the world. A staff member in the subsidiaries in Accra, Ghana confirmed this,

‘Our system to manage staff performance is as same as our headquarters although sometimes our targets are not as specific as theirs. Although the amount of salary or bonus between Chinese and African staff is different, the system is all the same.’ --- Staff member in the Sales and Customer Department in the Subsidiaries of Huawei, Accra, Ghana.

And a staff member in the subsidiaries in Western Europe reiterated that,

‘In our subsidiaries in the Western Europe, from our head office in Dusseldorf, Germany, to Reading, the UK, we apply the PBC system for performance management. It divides group targets to individuals and plays an important role
Besides the same system for performance management in Huawei, core values are also transferred in each process of performance practices from its headquarters to international subsidiaries. Both in the headquarters in Shenzhen and subsidiaries in Accra, staff placed emphasis on the significance of result-oriented assessment, strong executive ability in the organisation and the influence of team target achievement on individuals in the practical contexts. More specifically, one interviewee felt that,

‘The targets of our team in Ghana are allocated by the headquarters in China and no matter how difficult it is, we must achieve it. So it is quite result-oriented under huge pressure. If our team cannot achieve the targets by the end of the year, each staff member in our office will be influenced with less salary, bonus or share rewards. If we achieve the targets or even exceed the requirement, we will earn extra bonus for our handworking as a team. So managers and team leaders will give support and direction to Staff member in their team as performance coaching in order to achieve the goals.’ --- Staff member in the Sales and Customer Department in the Subsidiaries of Huawei, Accra, Ghana.

From this excerpt, it is obvious that the core values influence the practices of performance management in Huawei and their transfer from its headquarters to subsidiaries. With a strong executive ability in the organisation, headquarters allocate targets and goals to subsidiaries and link the target achievement closely with the performance assessment of each individual in the offices. It is a result-oriented approach in which all the staff in the subsidiaries need to cooperate together as the achievement of their team targets influences their individual salary, bonus or share income. And managers also give support to staff to make sure their team targets can be achieved. While in the headquarters, one staff member in the Human Resource Department noticed that,

‘Policies and strategies are set up by our top-executive team and then allocated to subsidiaries worldwide. Next, our headquarters will do scrutiny and evaluation on the implementation of those policies and strategies. Our standard is the achievement of results, especially the team Key Performance Indicators (KPI) and
B. The Transfer of Performance Management Practices

As for the transfer of performance management practices from Chinese headquarters to African subsidiaries in Huawei, another staff member who has worked in Ghana, Kenya, Tanzania, Ethiopia, Somalia narrated that,

‘For the assessment of our performance transfer from headquarters to subsidiaries, we focus on target achievement, the implementation and practices to achieve the targets and further development and improvement. To make sure the transfer of our targets and policies is effective from headquarters to subsidiaries, we set up specific indicators in the PBC system and they are result-oriented. As the targets are transferred from higher to lower levels, they must be achieved under great pressure.’ --- Staff member in the Financial Monitoring and Accounting Department in the headquarters of Huawei, Shenzhen, China.

This quotation gives more insights on how the core values, such as result-orientation and strong executive ability, are transferred from headquarters to subsidiaries in Huawei through the practices of performance management. As headquarters evaluate the performance of subsidiaries based on their targets achievement, different subsidiaries attach the most importance to their results. Furthermore, considering the strong executive ability in the organisation, subsidiaries will try their utmost to ensure the targets, especially the team ones, are realized even in face of huge difficulties. In the process, managers and employees provide necessary support and direction to each other in their team to facilitate the goal-achievement as a team.

Summing up, this section has explored the transfer of performance management in Huawei from its headquarters in China to subsidiaries in Ghana. Based on the qualitative data collected through interviews, it discusses the transfer of the system, core values and processes of performance management in Huawei. Operating a common organized-wide system, called the PBC, to manage performance, Huawei appears mainly to transfer its values of result-
orientation, strong executive ability and teamwork in the processes of performance target setting, coaching, evaluation and application from the Chinese headquarters to Ghanaian subsidiaries. The next section will focus on the role of influential factors, which have been analyzed in Section 5.2, in the transfer of performance management.

5.3.2 Influential factors in the transfer of performance management in Huawei from its headquarters in Shenzhen, China to subsidiaries in Accra, Ghana --- Qualitative findings

In Section 5.2, factors which influence the effectiveness of performance management in Huawei are considered. Based on the quantitative data analysis, those factors are 1) culture, 2) labour capability, 3) legal and institutional issues, 4) organisational structure, 5) business strategies, 6) employee empowerment & engagement and 7) standardisation & adaptation and from qualitative data analysis, further factors include 8) intercultural communication, 9) greyscale management and 10) share ownership reward which also have impact on the effectiveness of performance management in the organisation. This section will explore the role of those factors in the transfer of performance management in Huawei from its headquarters in China to subsidiaries in Ghana depending on the qualitative data collected through interviews.

A. Culture

Firstly, for the influence of culture, Huawei has mixed traditional Chinese culture within its organisational context within western HR practices and transferred the culture to its international subsidiaries as one interviewee in the headquarters recognized that,

‘The most important culture in Huawei is ‘Customer First’ and ‘Working hard and perseveringly’. It influences our criteria for performance assessment, so it is normal for us to work overtime to make sure our targets are achieved. With a military background, our organisation advocates to live in a plain and hard-working way and staff need to learn the spirits of dedication, persistence and tolerance.’ --- Staff member in the Procurement and Supply Department in the headquarters of Huawei, Shenzhen, China.
This excerpt explains the impact of culture on Huawei’s performance management with a linkage between national culture and the military background of the organisation. Hardworking and persistence is one of the most crucial issues in the performance evaluation. Moreover, characterized by the Chinese culture of collectivism, another staff member in the Chinese headquarters also felt that,

‘We are familiar with the value of collectivism, so staff members in Huawei always place the advantages of our organisation in the first place and do our utmost to make sure the benefits of our team can be achieved.’ --- Staff member in the Sales and Marketing Department in the headquarters of Huawei, Shenzhen, China.

While from the data collected in Huawei’s subsidiaries in Accra, Ghana, one African local staff member expressing his understanding of this organisation said,

‘The most important strategy in our organisation is ‘Customer First’ so our target-setting and assessment is based on the satisfying services and products to customers. And our subsidiary is deeply influenced by the Chinese culture. I feel the biggest difference between our organisation and some local companies is, in Huawei, everyone is always busy! Actually, the Ghanaian companies are busy, but Huawei is very busy! Hahaha! (laugh)’ --- Staff member in the Human Resource Department in the subsidiaries of Huawei, Accra, Ghana.

This quotation offers an evidence of the cultural impact on the transfer of values and factors of performance management in Huawei. For local African staff, they understand the criteria of ‘customer first’ in the performance management processes, but they find it is difficult to accept the ‘very busy’ and hardworking environment in their organisation. With the understanding of national and organisational culture, Chinese employees are more likely to acknowledge the hardworking and busy environment in Huawei. It is also acceptable for them to work overtime to make sure the achievement of their targets. However, local staff in Ghana finds it is difficult to acknowledge the busy culture in the office. Even with extra payment, they prefer to enjoy holiday rather than work overtime.
B. Labour Capability

Considering the cultural difference between China and Ghana, Huawei tries to motivate local staff through training and development policies and sometimes gives them training opportunities in China as a reward for their high performance. Staff members in the African subsidiaries shown their desire to achieve training opportunities in Huawei to improve their capability as one Ghanaian interviewee narrated that,

‘Huawei is result-oriented and give me more working opportunity relating to HR. It shapes you and you can learn a lot. For instance, I have a mentor in the company who gives me on-the-job coaching. But I want the opportunity for more training, especially in the Chinese headquarters.’ --- Staff member in the Human Resource Department in the subsidiaries of Huawei, Accra, Ghana.

But for staff members in the headquarters, they explained their understanding of labour capability in African subsidiaries from the perspective of headquarters as one interviewee noticed that,

‘From my experience, training in practical skills to local staff members in Africa is helpful. But the problem is, in 2006-2007, we have provided training for local African Staff member in the headquarters, however, when they were back, they resigned and went to other companies. So considering the loyalty of local staff, we are very cautious of our training programs now.’ --- Staff member in the Project Management and Operation Department in the headquarters of Huawei, Shenzhen, China.

From those two excerpts, it is clear that in the transfer of performance management in Huawei from China to Ghana, labour capability plays an important role. However, there is a mismatch between the training needs of African local staff members to improve their capability and the training opportunities in the organisation when it is transferred from Huawei’s headquarters to subsidiaries considering the loyalty and relatively high turnover of local employees. Chapter Six below explores the challenges and the reasons why labour capability has an impact on the effectiveness of PM. It can lead to counterproductive results to develop staff capabilities if the trained staff member finds a more desirable position in competitor organisations.
C. Legal and Institutional Issues and Share Ownership

Another factor is legal and institutional issues and staff both in China and Ghana felt its influence on the performance management in Huawei, especially on its reward policies, the share ownership. Based on local legal policies and regulation in Ghana, the local African interviewees in this research admitted that they are not able to have shares in Huawei in the questionnaires. But one staff member in the headquarters explained that,

‘The legal issues really impact on performance management in our company, especially our reward policies, the share ownership as the law and regulation in Africa is different from that in China. However, we are trying our best to make it better and equal so we will distribute our share to more local staff members in Africa.’ --- Staff member in the Human Resource Department in the headquarters of Huawei, Shenzhen, China.

From this quotation, it is clear that Huawei is trying to distribute share to local staff members in Africa and to improve the equality among its international staff. But the interviewee has mentioned, ‘the process of share distribution to non-Chinese employees in Huawei is still at the beginning stage’. So this reward policy is a challenge to the organization considering legal issues, however, it is a significant part to develop Huawei’s international strategies in future.

D. Organisational Structure, Business Strategies and Employee Empowerment & Engagement

The next factors which staff members in the subsidiaries discussed are the role of business strategies and employee empowerment & engagement on the transfer of performance management in Huawei. This also relates to the organisational structure. One of the local employees in Ghana felt that,

‘When managers set up goals and targets to manage our performance in the PBC system, they do not ask us to get involved and just do it through the system. As for the business strategies from the headquarters to our subsidiaries or department, I know quite little about them as nobody gives me any information. I just do what
my line manager asks me to do and do not have enough opportunity to talk with others.’ --- Staff member in the Human Resource Department in the subsidiaries of Huawei, Accra, Ghana.

This excerpt demonstrates the top-down hierarchy of Huawei and a clear perception by local staff on their little involvement in the decision-making process. One employee in the headquarters explained his feeling as following,

‘We have a standardized and centrally-controlled structure in the organisation with effective transfer of our policy and strategy from headquarters to subsidiaries. But as local Staff member in Africa may have different perspectives and capability, we have tight control on our empowerment to them.’ --- Staff member in the Financial Monitoring and Accounting Department in the headquarters of Huawei, Shenzhen, China.

The local staff may feel keenly a clear difference in treatment of Chinese staff and themselves on a range of performance management issues, including this one.

E. Intercultural Communication

From the above explanation, other interviewees also connect the impact of intercultural communication with the transfer of performance management from headquarters to subsidiaries in Huawei. In the words of one Chinese staff member in Ghana,

‘Sometimes, language influences the effectiveness of our targets or policies transfer from headquarters to subsidiaries. Although most of our staff can speak English for daily communication, it is still a problem when it needs explanation with more details.’ --- Staff member in the Sales and Customer Department in the Subsidiaries of Huawei, Accra, Ghana.

From the speech transcribed, it illustrates the role of communication, especially language obstacles, on the transfer of performance management in the Ghanaian office. Working in a common language, which is imperfectly mastered by some, may lead to significant miscommunication. Besides this factor, some local staff members also recognized that,
‘We do not have enough communication with our line managers, and do not know the strategies from the Chinese headquarters, either. What we know is only the KPI or PBC indicators ourselves. Nobody talks about it with you, and the Chinese staff will speak Chinese. While as it is a Chinese company, we are OK if they speak Chinese and we just have direct relationship with our line managers.’ --- Staff member in the Human Resource Department in the subsidiaries of Huawei, Accra, Ghana.

This excerpt shows the crucial role of intercultural communication and insufficient amount of communication on the effective transfer of performance management in Huawei from its headquarters to subsidiaries. They are only linked with their line managers and cannot speak Chinese, which does not give them enough chance to communicate with other employees and their managers, especially in the processes of KPI/PBC target clarification and performance evaluation. One employee in the headquarters narrated that,

‘Our individual PBC and team KPI indicators work together for performance management and they are result-oriented. So communication between the leaders/managers and employees is necessary. But compared with Chinese staff, managers need to spare more time to communicate with local Staff member in Africa to make sure they understand what the indicators are and how to achieve them. Since managers have different leadership styles, some of them will manage their staff members in according to the result achievement only.’ --- Staff member in the Products Research and Development Department in the headquarters of Huawei, Shenzhen, China.

In this case, it is quite clear that the transfer of performance management in Huawei from headquarters to subsidiaries is influenced by intercultural communication and leadership style as well. Although intercultural communication plays a crucial role in the achievement of team KPI, some managers perform poorly in this dimension and only allocate targets to staff without enough communication and explanation. Especially for local African staff, sometimes they find it is difficult to understand the targets and evaluation criteria with insufficient opportunities to communicate with their managers and other employees for clarification.
F. Greyscale Management

The last factor is greyscale management, which also exerts a great impact on the transfer of performance management from Huawei’s headquarters to subsidiaries. According to Section 5.2.2, considering the changeable environment in practical contexts, targets of performance management from Huawei’s headquarters may be unsuitable for the situation in subsidiaries, so managers apply for greyscale management to improve the flexibility and adaptation of performance evaluation in the PBC system. It is also regarded as a complement to the result-oriented performance targets and their evaluation, especially for indicators which are difficult to be quantified from a practical perspective. As one staff member in the headquarters narrated that,

‘There is no clear distinction between black and white in practice. As our former leader Deng Xiaoping said, ‘It doesn’t matter whether the cat is black or white, as long as it catches mice.’ From our experience, compromise and balance is necessary in the process of negotiation or to deal with the conflicts and relationship with line managers, other colleagues and our clients. In this case, greyscale management enables us to keep the flexibility. So in our PBC system, about 80% of indicators are decided by quantitative assessment, while the other 20% are decided by the impression of line managers on your attitude, relationship with other team members and other flexible issues.’ --- Staff member in the Project Management and Operation Department in the headquarters of in the headquarters of Huawei, Shenzhen, China.

This excerpt gives ideas towards the importance of greyscale management in Huawei considering the perception of compromise and balance. Incidentally, it also raises issues of how local staff’s performance may be impression managed more or less accurately across cultural and communication gaps. Another Chinese staff member in the Ghanaian subsidiaries also reiterated it based on his practical experience,

‘In our front line in Africa, compromise and tolerance among different departments is very important as we need to cooperate with each other to achieve our team KPI. So greyscale management is very effective. It is our organisational culture as well, especially for leaders or managers at the higher level to manage
staff based on the local/specific situations with flexibility. But for staff members at the basic level, what they need is just to work for specific targets and make sure to achieve them.’ --- Staff member in the Contract and Business Department in the Subsidiaries of Huawei, Accra, Ghana.

Thanks to this quotation, it is more obvious that when the targets for performance management from Huawei’s headquarters are unmatched with the practical contexts in subsidiaries, greyscale management is applied to improve the adaptation capability of the organisation in order to achieve its team KPI. This process does not extend to empowering local staff through involvement in their own target setting. Otherwise, without enough flexibility and adaptation, some interviewees find the transfer of performance management from Chinese headquarters to international subsidiaries is not as ‘smart’ as it is designed from practical perspectives. So to ensure the achievement of targets and strong executive ability in their subsidiary, managers regard greyscale management as a guideline to keep flexibility in practical situations. One Chinese interviewee in Ghana recognized that,

‘The system for performance management sometimes is not smart enough as the PBC indicators can be subjective and not accurate enough with too much focus on result and target achievement. For example, the results achieved in one department or one project cannot demonstrate all the contribution or performance of the employees. Although the results are not achieved, it does not represent all the efforts/performance of the staff.’ --- Staff member in the Sales and Customer Department in the Subsidiaries of Huawei, Accra, Ghana.

Not only staff from the subsidiaries, some others in the headquarters also explained their feeling on limited flexibility when policies and practices transferred from the headquarters to subsidiaries. One employee in the Human Resource Department said that,

‘Sometimes the system is a bit rigid and inefficient. For example, international subsidiaries provide unnecessary reports to our headquarters due to the requirement of standardizing procedures. But it is a waste of time and energy. In fact, they can operate with some flexibility.’ --- Staff member in the Human Resource Department in the headquarters of Huawei, Shenzhen, China.
From those two excerpts, it is quite clear that greyscale management plays a significant role in the effective transfer of performance management from Huawei’s headquarters in China and subsidiaries in Ghana. Considering the uncertain and changeable environments in subsidiaries, it is essential to link flexibility and adaptation with the processes of their performance management.

In a nutshell, this section has discussed the role of influential factors in the transfer of performance management in Huawei from its headquarters in China to subsidiaries in Ghana based on the qualitative data collected in interviews. The impact of factors, including culture, labour capability, legal and institutional issues, share ownership reward, organisational structure, business strategies, employee empowerment & engagement, standardisation & adaptation, intercultural communication and greyscale management is explored in the processes of performance management, respectively. Thus, based on the data analysis to conclude, the role of those above factors cannot be ignored in order to establish the criteria by which the effectiveness of performance management system can be assessed in Chinese MNCs in Africa, drawing on the experience of Huawei.

5.4 The Summary of Chapter Five

To sum up, this chapter has explored performance management in Huawei and its transfer from Huawei’s headquarters in Shenzhen, China to subsidiaries in Accra, Ghana based on qualitative and quantitative data analysis.

The first section focuses on the introduction of performance management in Huawei on the basis of qualitative data collected from interviews. It discusses the system, core values and main processes of performance management in Huawei. More specifically, in the Personal Business Commitments (PBC) system, Huawei applies result-orientation, strong executive ability and teamwork as core values in the four processes of performance management, which includes target setting, performance coaching, performance evaluation and performance application and communication.

The next section discusses factors which influence the effectiveness of performance
management in Huawei from both quantitative and qualitative data analysis in accordance with the research aim and objectives. On one hand, from literature frameworks and quantitative data, the most important factors which influence the effectiveness of performance management are culture and employee empowerment and engagement. And in Huawei’s Chinese headquarters, legal and institutional factor also plays important role on PM practices. But in its Ghanaian subsidiaries, standardisation or adaptation and organisational structure both are significant. Here the greyscale management tenet of flexibility seems more closely adhered to. On the other hand, intercultural communication, greyscale management, share ownership reward and leadership style also exert significant influences on the effectiveness of performance management in Huawei based on the analysis of qualitative data.

The last section makes a further exploration on how the transfer of performance management is carried out in Huawei from China to Ghana through its system, core values and four processes with qualitative data analysis. And then, it also tests the influence of relevant factors on the effective transfer of performance management from Huawei’s Chinese headquarters to Ghanaian subsidiaries through the analysis of interview data. Those factors are culture, labour capability, legal and institutional issues, organisational structure, business strategies, employee empowerment & engagement, standardisation & adaptation, intercultural communication, greyscale management, share ownership reward and leadership style. Table 5-2 below summarizes the result findings guided by Research Questions One, Two and Three in this chapter.

Summing up, in accordance with the data findings in this chapter, influential factors play a crucial role in order to establish the criteria by which the effectiveness of the performance management system can be assessed in Huawei. To make further exploration, the next chapter will discuss the reasons for and challenges of effective performance management in the process of its transfer from Huawei’s Chinese headquarters to African subsidiaries on the foundation of the research aim, objectives and questions.
Table 5-4: Answers to Research Questions One, Two and Three based on the Result Findings in Chapter Five

<table>
<thead>
<tr>
<th>Research Questions</th>
<th>Answers based on Data Analysis and Findings</th>
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<tbody>
<tr>
<td>1. What are the standardized systems and practices of performance management in a Chinese telecommunication MNC, Huawei?</td>
<td>The standardized system of performance management in Huawei is the Personal Business Commitments (PBC). Result-oriented evaluation, strong executive ability and teamwork are the core values of this system and it is divided into four processes, including target setting, performance coaching, performance evaluation and performance application and communication.</td>
</tr>
<tr>
<td>2. What are the main issues and factors in the process of diffusion when the Chinese telecommunication MNC, Huawei, transfers its IHRM policies and practices from Chinese headquarters to African subsidiaries with reference to purpose and design of performance management?</td>
<td>Some factors influence the diffusion and transfer of IHRM policies and practices from Huawei’s Chinese headquarters to African subsidiaries. Based on quantitative data, culture and employee empowerment and engagement are the most important factors from the perspective of staff in the headquarters and subsidiaries. Other factors below vary in importance between headquarters and subsidiaries. Standardisation or adaptation, organisational structure, labour capability and training also play crucial roles in the system of performance management, and more so for subsidiary staff. Besides those factors, intercultural communication, greyscale management, share ownership reward and leadership style cannot be ignored when performance management is designed and implemented in the organisation based on qualitative data.</td>
</tr>
</tbody>
</table>
| 3. How do the systems and practices of performance management in Huawei transfer from the headquarters in Shenzhen, China to subsidiaries in Accra, Ghana with its specific characteristics? | The transfer of performance management in Huawei is implemented in a top-down structure from China to Ghana guided by its organisational strategies through a standardized system. Factors influence the effective transfer of performance management from Huawei’s Chinese headquarters to Ghanaian subsidiaries, which includes  
  - Culture  
  - Labour capability  
  - Legal and institutional issues  
  - Organisational structure  
  - Business strategies  
  - Employee empowerment & engagement  
  - Standardisation & adaptation  
  - Intercultural communication  
  - Greyscale management  
  - Share ownership reward system  
  - Leadership style |

*Source: the author’s own work.*
CHAPTER SIX: REASONS FOR AND CHALLENGES OF PERFORMANCE MANAGEMENT TRANSFER IN HUAWEI FROM ITS CHINESE HEADQUARTERS TO AFRICAN SUBSIDIARIES

From the research data analysis, it is clear that Huawei cooperates with a western organisation, IBM to establish its own system of performance management, the Personal Business Commitments (PBC) with adaptation from the western contexts to its Chinese headquarters and international subsidiaries. Specifically, frameworks in Chapters Two and Three lay the theoretical foundation for discussion in this chapter guided by the research aim, questions and objectives. And then, Chapter Four designs the research methodology for data collection to explore the theoretical frameworks in practical contexts. Next, with data analysis and findings, Chapter Five explore the first and second research objectives to discussion the system, core values, processes and factors which influence performance management from Huawei’s Chinese headquarter in Shenzhen to its subsidiary in Ghana. Then, this chapter focuses on the reasons for and challenges of the findings in Chapter Five. It sheds new light on the criteria by which the effectiveness of Performance Management System can be assessed in Chinese MNCs in Africa from the experience of Huawei.

Data findings in Section 5.1 reflects the core values of performance management in Huawei are result-orientation, strong executive ability and teamwork in its four processes, which include target setting, performance coaching, performance evaluation and performance application and communication. And then Section 5.3.1 focuses on the transfer of those issues of performance management in Huawei from its Chinese headquarters to Ghanaian subsidiaries through qualitative data analysis. On the foundation of the data findings in Chapter Five, this chapter firstly discusses the challenges of performance management in Huawei which influence its effective transfer from China to Ghana. Then, the causes of those challenges or problems in the process of transfer from its Chinese headquarters to Ghanaian subsidiaries are also investigated. Finally, the discussion gives a possible direction for Chinese MNCs in Africa to improve their system for performance management with new criteria and indicators from the experience of Huawei. Furthermore, two templates are also developed for effective transfer of performance management from Chinese headquarters to African subsidiaries in MNCs. To be precise, as Figure 6-1 (similar to Figure 1-5) below, the findings on the Research Objective Three and Questions Four, Five, Six and Seven will be presented in this chapter.
Figure 6-1: the Linkage between Three Research Objectives and their Relationship with the Research Questions.

4) What are the challenges and problems which influence the effectiveness of performance management systems and practices in Huawei’s headquarters in Shenzhen, China and subsidiaries in Accra, Ghana?

5) Why do the challenges and problems of performance management in Huawei influence its effective transfer from the headquarters in Shenzhen, China to subsidiaries in Accra, Ghana?

6) How can Huawei make its performance management more effective in Ghana?

7) How might Chinese MNCs develop criteria by which they can measure and improve the effectiveness of performance management in Africa?

Source: the author’s own work
6.1 Reasons for and Challenges of Performance Management Emerging from its Core Values from Huawei’s Chinese Headquarters to African Subsidiaries

According to Section 5.1, Huawei has developed three core values of its performance management, which are result-orientation, strong executive ability and teamwork with cooperation of the consultants from IBM. Result-orientation focuses on the achievement of results in an efficient way and it is closely linked with the overall strategies and targets of the organisation. The strong executive ability gives emphasis on hardworking under high pressure with strong crisis awareness due to Huawei’s military background and fierce competition in the market. The last value, teamwork, influences performance management as the achievement of team targets plays a significant role in individual bonus, share benefits and salary.

A. The Lack of Standardized Processes to Achieve Results

The first value, result orientation, leads to a challenge in the transfer of performance management from Huawei’s headquarters in China to subsidiaries in Ghana. That is the lack of standardized processes to achieve results. In the interviews, one staff member in Huawei’s subsidiaries in Ghana noticed that,

‘In our PBC system of performance management, there are no specific requirements on the procedures and processes, but result achievement is the most important thing and sometimes we do not need to follow standardized processes only if we can achieve the targets.’ ---Staff member in the Sales and Customer Department in the subsidiaries of Huawei, Accra, Ghana.

This excerpt shows the first challenge of performance management in Huawei. Without standardized processes to achieve targets for performance management, employees may tend to be confused about the performance coaching and evaluation. While flexibility is important, lack procedural guidance may cause anxiety among junior staff. The skill of local leadership is needed to mitigate this situation. It may result in another problem, employee high turnover and poor retention as one staff who has worked in Huawei for nearly eight years recognized that,
'What can make Huawei outstanding among its competitors should be the standardized and professional processes for business and management, which can also reduce our employee turnover overseas and catch up the international standards. But compared with our key competitor, Emission, Huawei’s disadvantage and challenge is the lack of standardized and effective procedures and processes.' --- Staff member in the Contract and Sales Department in the subsidiaries of Western Europe of Huawei in Reading, the UK.

Furthermore when targets of performance management are allocated from Huawei’s headquarters in China to its subsidiaries in Africa, this problem becomes even more serious, especially in the processes of performance management for local staff members. One of the Ghanaian employees expressed her feelings on the result-oriented value in the interview,

‘We do not know the policies and information from the head offices as the HR managers will break down the job to us directly. We do not have enough opportunities to talk to them. What we need to do is to achieve the results and targets as our organisational culture is result-oriented.’ --- Staff member in the Human Resource Department in the subsidiaries of Huawei, Accra, Ghana.

From this excerpt, it is obvious the local staff members in Africa knew the value of performance management in Huawei is result-oriented, but in practice, it is a challenge for them to understand and acknowledge it when they are required to achieve targets without discussion on specific and standardized processes. As a Chinese employee from the headquarters in Shenzhen narrated that,

‘It is very hard for local staff members in Africa to acknowledge the result-orientation in practical contexts. We tell them the key principle of their performance assessment is result-oriented and they know it, but without standardisation and professionalism in the procedures and processes, they cannot understand it. So sometimes it is difficult for them to achieve the targets we want, compared with their Chinese counterparts.’ --- Staff member in the Accounting and Clearing for the Project Sales Department in the headquarters of Huawei, Shenzhen, China.
This quotation explains the problem of the lack of standardized processes and professional preparation in Huawei’s approaches to guide staff to achieve their targets in performance management in Huawei. As for the reasons, the first one is the low development level of standardized processes in Huawei, especially compared with its western competitors, such as Ericsson. Huawei was only established in 1987 and may be considered to be in an early stage of organisational change for standardizing and professional management. So in practical management contexts, leaders and managers attach great importance to the results which are directly related to the achievement of targets for performance management. In other words, leaders and managers understandably place more emphasis on results achievement than on the processes to achieve them. But with standardized support systems to manage performance, targets can be achieved more effectively as a result of the procedures and processes. This gap is recognized by senior management. Furthermore, some senior employees in Huawei were noted to resist the standardized processes which may reduce the value of their specific practical experience in the organisation. One interviewee in the Chinese headquarter holds that,

‘As standardized procedures may replace the leading roles of a few employees in the organisation, such as our IBM Lotus Notes system, there is resistance in Huawei during the change process, especially among senior technological experts. But for Huawei’s development, a standardized procedure can improve its efficiency and professionalism. It can also reduce the cost of employee turnover as it does not rely on certain employees.’ ---Staff member in the Sales and Marketing Department in the headquarters of Huawei, Shenzhen, China.

In regard with those quotations, questions arise from the more towards standardization and the need for local flexibility. Clearly some targets may be more easily met through standardized procedures than others. Low development level of standardized processes and the perhaps justified resistance to standardisation in Huawei gives some reasons for why performance management lacks standardized processes to achieve results compared with its western counterparts.
The second challenge of Huawei is the strong executive ability, which is a ‘double-edged sword’ for the organisation. On one hand, it is one of Huawei’s specific characteristics and closely related to its success in the telecommunication market today. On the other hand, it is also a great challenge for the organisation, which can cause serious problems at the same time as one Chinese staff member in Ghana said that,

‘The success of Huawei in Ghana lies in its strong executive ability and driving forces, which pushes staff to make changes and achieve goals under pressure. The organisational culture is strong executive ability, dedication and high pressure.’ -- Staff member in the Contract and Business Department in the subsidiaries of Huawei, Accra, Ghana.

This quotation demonstrates the crucial role of strong executive ability in Huawei’s success. It ensures to a good degree the implementation of its organisational targets and strategies in an efficient and effective way, from the headquarters to subsidiaries and across each department, especially when compared with some Chinese State-owned Enterprises (SOEs) in Africa. One employee in a Chinese SOE in Ghana pointed out that,

‘As our headquarters in China tries to avoid risk, so there is less flexibility in our subsidiaries and tight control from the headquarters. But the standard to assess the risk is different between subsidiaries and headquarters based on their different perspectives and practical contexts. For example, in a latest project for land purchase in Accra, the landlord was not patient enough and our agency lost this opportunity due to the delay in approval from our headquarters in Beijing.’ --- Staff in the agency of China Railway Engineering Corporation (CREC) in Accra, Ghana.

From the quotation above there was a confirmation that strong executive ability, including decision-making, plays a critical role in recognizing opportunity and in the target achievement of the organisation. But it may lead to challenges and problems at the same time, especially when the policies and practices from Chinese headquarters are not suitable for local contexts in subsidiaries overseas as one staff member in the headquarters noticed that,
'In Huawei, thanks to our strong executive ability, the transfer and implementation of policies and strategies from our headquarters to subsidiaries is very efficient. But sometimes, it may cause serious problems with huge cost.

Firstly, as our targets are decided in the headquarters, they may not be suitable for local situations in a foreign subsidiary, but we do not have time to consider and discuss them much before we implement them in order to ensure our strong executive ability. So we just put it directly into practical contexts until a problem appears. It can be too late sometimes.

Furthermore, we can do some adjustment when implementing the targets in the subsidiaries, but if the problem is very serious, we have to report it to the headquarters for review. Before the final decision comes, we may lose our opportunity and so it is a process of trial and error.’ --- Staff member in the Organisational Change Department in the headquarters of Huawei, Shenzhen, China.

This excerpt illustrates that the strong executive ability in Huawei may bring challenges when policies are transferred from its headquarters to subsidiaries overseas. While transfer may be efficient, the outcome may not be effective. Because of a top-down structure in Huawei, policies and strategies are decided by the Chief Executive Board in headquarters, they may not be appropriate when implemented in changeable contexts. But under great pressure of strong executive ability in the organisation, all the subsidiaries implement the strategies or policies without delay to ensure the standards set by the centre are met. If the policies are suitable to their own contexts, it is an advantage of the organisation. However, if the policies lead to a wrong direction, the strong executive ability could cause serious consequences at the same time because employees in the subsidiaries do not have enough time and opportunity to review those policies and targets before they implement them. Thus, the strong executive ability is a ‘double-edged sword’ for Huawei and how to harness its advantage for the organisation is a challenge in practical contexts, especially when the headquarters transfer their strategies and policies to subsidiaries overseas.

The reason why the strong executive ability has some negative impact on performance management in Huawei from its Chinese headquarters to Ghanaian subsidiaries is the top-
down organisational structure and the mismatch between the performance management targets and practical contexts. Specifically, operating in a ‘top-down’ structure, Huawei’s headquarters set up targets for each department and international subsidiary at the beginning of the year with a requirement of result-orientation. However, situations and conditions keep changing rapidly in practice all the year round. Sometimes, when implementing those targets in different contexts or assessing those targets at the end of the year, practical operation and reality does not work in accordance with the indicators designed by headquarters, especially when they are result-oriented without standardized processes and well communication to achieve them. So when there is a mismatch between the performance targets and practical contexts, employees have to make adjustment themselves to ensure the achievement of those targets and results without enough time and opportunity to review and to discuss them as a result of the strong executive ability requirement. One employee in Huawei’s subsidiary in Ghana felt that,

‘Our targets and goals in the PBC system for performance management are usually set up at the beginning of the year and not updated according to the practical situations. They may lack timeliness. And as the indicators for our performance management are decided by the higher executive level in a top-down structure, they can be not very suitable to practical contexts. Unless a lot of staff members manage to report on the mismatch of the indicators with practical contexts, or we need to ensure the achievement of our targets no matter how difficult the situations are due to Huawei’s strong executive ability.’ --- Staff member in the Sales and Customer Department in the Subsidiaries of Huawei, Accra, Ghana.

This quotation shows the challenges of performance management which are caused by the top-down organisational structure which may lack employee engagement and empowerment in the target setting process. In addition, when the Executive Board is not familiar with the situation in subsidiaries and the targets are not suitable for the rapidly changeable environment there, a mismatch between the target-setting and practical contexts emerges in the process of performance management transfer in Huawei. Considering the requirement for strong executive ability of the organisation, staff in the subsidiaries has to implement those policies and practices from the headquarters regardless of whether they are suitable to their contexts or not. Moreover, it can also lead to the unfairness in the process of performance
evaluation as another staff member in the Chinese headquarters also commented that,

‘Due to our rapid development, especially in the sales department in global market, there is a gap between our PBC target design and practical application. Sometimes, our key indicators in the PBC system do not match the key tasks or input of our employees in practical operation. So it may result in unfairness in assessing their performance and some delay and being not prompt enough.’ --- Staff member in the Human Resource Department in the headquarters of Huawei, Shenzhen, China.

This quotation explains how the mismatched targets influence the fairness in the process of performance evaluation in Huawei. It is also closely related to the sustainable and balanced development of the organisation, especially in its subsidiaries overseas. As some targets are not suitable for the practical contexts in subsidiaries and managers have pressure for result-oriented assessment by the end of the year, they may try their utmost to ensure the target achievement even it could produce some serious consequences, such as bad reputation and impression among clients. One interviewee in China expressed his feeling on this issue that,

‘Some of our KPI or PBC indicators for subsidiaries are too rigid, centrally-controlled and result-oriented. For instance, during a one or two year short incumbency in a subsidiary, managers may only focus on results and indicators instead of the sustainable development of the subsidiaries or making positive changes to the organisation. They may try their utmost to make sure the achievement of the targets even on the cost of the satisfaction of our important clients or local environment.’ --- Staff member in the International Sales and Marketing Department in the headquarters of Huawei, Shenzhen, China.

According to those excerpts, it is quite clear that the mismatched targets established by headquarters may lead to challenges to Huawei’s subsidiaries in practical contexts. The lack of standardized processes and timeliness of the targets can cause unfairness in the process of performance evaluation. Furthermore, the ‘top-down’ and ‘centrally-controlled’ structure with a requirement for the strong executive ability for target setting for team and individual performance management also imposes great pressure on sustainable and balanced development in the organisation, especially for its subsidiaries overseas.
C. The Lack of Acceptance of Organisational Culture for Performance Management

The third challenge of performance management transfer in Huawei from China to Ghana is the acceptance of teamwork and collectivism value as one of the organisational cultures for performance management. As an organisational culture of Huawei, teamwork plays a significant role in performance management, especially in the process of performance evaluation as one interviewee in Ghana figured out that,

‘As our group targets are divided among individuals in the team, it makes the targets of each employee in this team interlocked together. And the achievement of the group targets, such as the KPI in a regional subsidiary or representative office, influences the assessment of individual performance. So everyone in the group needs to cooperate with each other to achieve the group goals.’ --- Staff member in the Sales and Customer Department in the Subsidiaries of Huawei, Accra, Ghana.

The above quotations reflect the crucial role of teamwork and collectivism value in the process of performance evaluation in Huawei. It shows how the achievement of group targets influences the performance assessment of each member in this group. In other words, if the team has a positive result of the target achievement as a whole, the performance assessment of each member in this team are improved. Another employee in Ghana explained it with more detail,

‘In our subsidiaries, the achievement of team KPI influences performance assessment of each member here. If we do not achieve the KPI of our subsidiaries or departments, everyone will earn less salary or bonus. If we finish our tasks with a great result, we can get an exciting bonus from the head office. Furthermore, if our subsidiary has a positive result of our performance evaluation as a whole, such as an A, the ratio of our members with a good assessment of A is usually higher than members in another team with a less positive assessment, such as B or C.’ --- Staff member in the Contract and Business Department in the subsidiaries of Huawei, Accra, Ghana.

From those two quotations, it is obvious that staff in Huawei’s subsidiaries overseas attach
great importance to the achievement of their team targets in the process of performance evaluation as it is closely related to the salary and bonus of each member in the group. However, this value makes a challenge to Huawei’s foreign subsidiaries, especially in a context of where individualism in the workplace is more usual because it is difficult for local staff to acknowledge and accept this value as one Chinese staff member in Ghana contended that,

\[\text{It is not a problem for the Chinese staff to understand and acknowledge our value of collectivism, especially in the process of performance evaluation. Local staff members in Ghana do not understand it. Sometimes they can feel very confused and asked, ‘I’ve already achieved my individual goals, why cannot I get my salary or bonus?’ or ‘You’ve promised that if I achieved those goals, I should be paid with this amount of money. But why my salary is less than that now?’ Although the managers explain to them it results from the negative achievement of the team KPI and collectivism value because their performance is assessed as a team together, local staff still cannot understand it or do not accept it. So they may leave the company when there is an opportunity and the turnover of local Staff member in Africa is a serious problem to our organisation.’ --- Staff member in the Contract and Business Department in the subsidiaries of Huawei, Accra, Ghana.}\]

This perception of the issue has given a picture that it is a challenge for local staff members in Ghana to accept and acknowledge the value of teamwork in Huawei especially when the achievement of group targets impacts on their performance individual assessment. In other words, it is difficult for local staff to understand the reasons why they have already achieved their individual goals in the PBC system, but they cannot get their reward due to the team targets not being met. Despite the explanation of their line managers afterwards, they may still feel unsatisfied. Thus, the sense of acceptance in teamwork and collectivism value is another challenge for performance management in Huawei’s subsidiaries due to a more individualistic background of local staff and it is also closely related to the poor retention of local employees.

Teamwork, as an organisational value and practice, not only influences the performance management in Huawei’s subsidiaries overseas, but it is also a key indicator for performance evaluation when it is transferred from the Chinese headquarters to foreign subsidiaries. One staff member in the Human Resource Department in Huawei’s Chinese headquarter said that,
‘The performance assessment in Huawei depends on the achievement of the PBC targets. There are two important indicators which influence the assessment in this process. The first one is individual capability and attitude of each member in the group; while the second is the team environment and cooperation, such as the support from line managers and cooperation among members in the team.’ --- Staff member in the Human Resource Department in the headquarters of Huawei, Shenzhen, China.

This excerpt illustrates the crucial role of teamwork in performance evaluation as an important indicator in the performance management system. The achievement of team targets influences individual performance assessment and on the contrary, the individual capability and attitude in the team also impacts on the target achievement. It is also a significant indicator to be considered in the process of performance evaluation. Differing perceptions of its purpose and place in performance, particularly between Chinese and local staff, can lead to failure to work collectively, poor outcomes in team performance and demotivation among local staff, resulting in low retention.

To conclude, this section has discussed the challenges of performance management emerging from the system’s core values, result-orientation, strong executive ability and teamwork. Then it explores the reasons why those challenges influence performance management system effectiveness in Huawei when it is transferred from China to Ghana based on the qualitative data findings of interviews. Specifically, the challenges include 1) the lack of standardized processes to achieve results, 2) the top-down organisational structure and the mismatch between performance management targets and practical contexts and 3) the lack of acceptance of teamwork and collectivism value for performance management. Table 6-1 below makes a summary for this section.
Table 6-1: Reasons for and Challenges of Performance Management Emerging from its Core Values from Huawei’s Chinese Headquarters to African Subsidiaries

<table>
<thead>
<tr>
<th>Core values of performance management in Huawei</th>
<th>Challenges imposed by the core values</th>
<th>Reasons why the challenges influence performance management transfer from Huawei’s headquarters in China to its subsidiary in Ghana</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Result-orientation</td>
<td>Focusing on the achievement of targets and results instead of the processes</td>
<td>The lack of standardized processes to achieve targets and results</td>
</tr>
<tr>
<td>2. The strong executive ability</td>
<td>The rapid implementation of policies and practices from headquarters to subsidiaries overseas</td>
<td>a. The top-down organisational structure with limited employee involvement in the process of target-setting and decision-making</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b. The mismatch between performance management targets and practical contexts</td>
</tr>
<tr>
<td>3. Teamwork</td>
<td>The achievement of team targets influences individual performance evaluation</td>
<td>The lack of acknowledgement of teamwork and collectivism value for performance evaluation, especially for local employees in Ghana</td>
</tr>
</tbody>
</table>

*Source: Data analysis.*

The above table makes a conclusion on the challenges and problems which result from the core values of performance management in Huawei from its headquarters in China to the subsidiary in Ghana. To further explore the challenges of performance management and the reasons behind them, the next section focuses on the challenges emerging from factors influencing performance management in Huawei from its Chinese headquarters to Ghanaian subsidiary.

### 6.2 Reasons for and Challenges of Performance Management Emerging from Key Factors from Huawei’s Chinese Headquarter to African Subsidiaries

In Section 5.2, the importance is considered of some key factors on the transfer of performance management in Huawei from its headquarters in China to subsidiaries in Ghana.
based on the qualitative data collected in interviews. Specifically, those factors which are discussed in this section include culture, intercultural communication, labour capability, legal and institutional issues, and employee empowerment & engagement, respectively. As some of the factors, such as organisational structure or standardisation and adaptation, are connected with the core values of performance management in Huawei and they are discussed in Section 6.1, this section explores other key factors and the relationship between those factors.

**A. Culture**

Firstly, one of the most crucial factors which leads to many challenges of performance management transfer from Huawei’s headquarter to its subsidiary is culture. Among them, the most difficult culture for local staff in Ghana to accept and understand is dedication and values associated with greyscale management thinking. Section 3.1 explains that dedication and hardworking is a critical organisational culture in Huawei, but it is difficult for some of the local staff in Africa to understand and acknowledge it, as one manager in Ghana gave his ideas towards this issue,

‘Chinese staff will try their best to achieve the goals and they have the willingness of hardworking because they know the importance of results in their performance evaluation. Chinese staff is used to the result-oriented model and they can even work overtime, but it is difficult for local staff to accept our organisational culture, attitude, responsibility and hardworking.’ --- Manager of Sales and Customer Department in the Subsidiaries of Huawei, Accra, Ghana.

According to this excerpt, the interviewee proposed that the organisational culture of dedication and hard working is difficult for local staff to accept as they prefer to live in a more relaxed way compared with their Chinese counterparts. They are even confused by the pressure management and competitive environment in the organisation as another staff member who had worked in more than ten countries in Africa pointed out that,

‘For our local staff in Africa, their acceptance and understanding of the Chinese culture and the organisational culture in Huawei is not strong, such as hard working, crisis awareness and growth under huge pressure. As our organisation has a military background, we advocate the value that living in a plain and hard-
working way. Furthermore, as we need to survive in a very competitive environment in both Chinese and global market, we have a strategy of working under huge pressure, but local staff sometimes cannot accept it.

For example, although they finish their targets in the performance managing system, some staff did even better, so they could still not achieve a similar score compared with them. Some local staff members tend to regard it as unfairness and feel unsatisfied. ‘--- Staff member in the Market and Sales Department in the headquarters of Huawei, Shenzhen.

It is relatively easy to understand the confusion or sense of inequality of local staff from this quotation, since it is clear that targets are not always adhered to but may increase without their knowledge. Besides the organisational culture of dedication and hardworking, local staff members also find it difficult to understand the value of greyscale management, which is proposed by Huawei’s former CEO, Ren Zhengfei. According to Section 3.2, greyscale management refers to the flexibility and balance of management, instead of being either black or white, or either one choice or the other. In practical contexts, it can improve the flexibility of work to make sure the achievement of targets without specific processes. But it can bring uncertainty and stress for junior staff that do not control these targets. The higher the positions are, the less specific the standards are in the system of performance management as one employee explained it with examples,

‘One of the challenges of our performance management for local staff members in Africa is the understanding of our greyscale management. It is a Chinese way of management, to leave some leeway and keep balance for the managers or the staff, such as the performance compared with other staff or your former achievement. For example, in our PBC system, there is flexibility of the indicators and subjective factors, such as the impression of the managers on your contribution or the number of staff who can get the assessment of an ‘A’.

Chinese staff can understand and accept the flexibility to achieve their targets with adjustment considering practical contexts. Sometimes they can even give priority to some of the indicators which are directly linked with the results. But it is difficult for local staff to understand it as they seem to be more influenced by
the western style of management and prefer to work with standardized processes.’
--- Staff member in the Accounting and Clearing for the Project Sales Department in the headquarters of Huawei, Shenzhen, China.

This quotation shows not only the evidence that organisational culture of greyscale management influence performance management in Huawei, but also there is a perceived linkage between core values of performance management and factors which impact on it. Specifically, the flexibility of greyscale management in the organisational culture is closely related to the result-oriented value of performance management. As local staff members in Africa prefer to work with standardized processes instead of just focusing on result achievement by any available means, it is not difficult to understand that they could become very confused about the flexibility in greyscale management. In other words, African employees do not accept the value that the results of performance management are more important than the processes to achieve them in practical contexts, so it imposes challenges to performance management of Huawei in Ghana and influences the effective transfer of performance management practices from its headquarters to subsidiaries.

**B. Intercultural Communication**

Next, the second significant factor which imposes a great challenge on performance management in Huawei is intercultural communication. In the four processes of performance management, intercultural communication plays an irreplaceable role and it is also closely connected with the core values and other factors of performance management. In the processes of target-setting and evaluation of performance management, one local staff in Ghana narrated that,

‘We have no idea on the strategies of our Chinese headquarters. What we know is only the KPI and PBC indicators ourselves. Nobody talks about it with us and we only have direct relationship with our line managers. But managers do not communicate much on the KPI with other team members. They do not communicate the results of KPI with the team. Some of them only send emails and say nothing. So some employees even do not know how they are rating.’ --- Staff member in the Human Resource Department in the subsidiary of Huawei, Accra, Ghana.
The limitation in cross-cultural face to face communication in English in the subsidiaries is clear here. Poor language skills on the Chinese part are seen as unwillingness to share information between managers and local staff. A clear impression of not wanting to work collectively is given as well. The lack of intercultural communication is a challenge not only in the processes of target-setting and performance evaluation, it also a crucial problem in performance coaching and feedback. One staff member in Huawei’s headquarter in China addressed this issue clearly as following,

‘Compared with many western companies, there is misunderstanding between the expectations of our managers or the organisation and our local staff due to the lack of communication, which influences the integration of Huawei, especially for African staff members. In the process of our performance coaching and feedback, sometimes, we do not pay enough attention to the attitude, capability and expectations of African staff. When we recognize the problem, it could be too late as they have already left the organisation.’ --- Staff member in the Sales and Marketing Department in the headquarters of Huawei, Shenzhen, China.

The impact of ineffective communication here is perceived to reach beyond performance management and to impact negatively on employee retention. In addition to the challenges on the processes of performance management, intercultural communication shortcomings also leads to problems in the relationship between Huawei’s headquarters and subsidiaries when policies and practices are transferred from China to Ghana. One interviewee in the Human Resource Department in headquarter noticed that,

‘The communication between our Chinese headquarters and foreign subsidiaries is not enough, especially when we transfer our policies and practices overseas. Although we have some pilot research, but most of our strategies and targets for performance management are based on the headquarters development requirements instead of the practical contexts in subsidiaries.’ ---Staff member in the Human Resource Department in the headquarters of Huawei, Shenzhen, China.

Therefore, the lack of intercultural communication in Huawei results in the challenges on clarification of performance target-setting, performance coaching to achieve the targets,
transparency of performance evaluation and feedback for future development. Furthermore, it can also impose a negative effect on the organisation when the headquarters and subsidiaries do not have enough opportunity for communication when policies and practices are transferred from China to other countries.

Moreover, the challenges which are imposed by intercultural communication are connected with core values of performance management and other factors. For instance, with more opportunities for intercultural communication between managers and employees, local staff members in Africa are likely to have a better understanding on the core values of performance management, such as result orientation, teamwork and the organisational culture of dedication and greyscale management. For the relationship with other factors, the lack of effective intercultural communication in Huawei can make it even worse when local staff members in Africa cannot acknowledge or understand the organisational culture and have limited involvement in the target-setting or decision-making processes and Chinese management staff are unwilling to communicate with them effectively across cultural gaps. Additionally, the challenges of top-down structure in Huawei are also closely related to the factor of intercultural communication when policies and practices are transferred from headquarters to subsidiaries. In other words, the gap and mismatch between performance management targets and practical contexts can be greater obvious when headquarters ignore the communication with subsidiaries overseas.

C. Labour Capability

The third factor to discuss is labour capability, which also brings challenges to performance management in Huawei’s subsidiaries in Africa. One of the main challenges is labour capability influences the level of localization of subsidiaries. As one Chinese interviewee in Ghana admitted that,

‘One of the key strategies in our subsidiary is localisation. We are required to have a certain number of local employees here, but it depends on the labour capability in the host country. The efficiency and effectiveness of our performance management is also deeply influenced by the level of labour capability in that country. For example, if the local staff in one of our subsidiaries are very capable, we will allocate more tasks to them and have less expatriate staff from China. In
This way, the cost of our organisation can be reduced and the efficiency can be improved. That is why we focus on the development of localisation in Huawei.’

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Staff member in the Human Resource Department in the subsidiary of Huawei, Accra, Ghana.

This quotation reflects the important role of labour capability in localization of Huawei’s subsidiaries in Africa, which influences the efficiency of its target achievement in performance management. To make it more specific, another Chinese staff member who has worked in Huawei’s subsidiary in Congo for nearly three years felt that,

‘Considering the low level of localisation in Congo, Chinese staff is very tired. We have to work overtime and overtime. It is really exhausting. Although the percentage of local staff in our subsidiary is about 50%, all the important positions are occupied by Chinese staff, except some local engineers. Because of the low labour capability of local staff compared with their Chinese counterparts, the jobs they can do are quite basic, such as the chefs, drivers, printing, or etc.’

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Staff member in the Sales and Marketing Department of Huawei, Congo.

From this excerpt, it is clear that the level of localization in Huawei is not only related to the number or percentage of local staff, but the positions or occupations they have. Although the percentage of local staff in Congo is more than 50%, their positions are mainly in the lower levels. So the Chinese staff still have to work overtime to make sure the achievement of their targets in performance management and may resent this fact while local staff may feel devalued by the junior job roles they occupy. For instance, in Huawei’s Human Resource Department in Accra, Ghana, there are about six employees and only two of them are Chinese. Although local staff accounts for a larger percentage, the key positions are occupied by Chinese staff and local employees are only minimally to be informed of the strategies and goals in their organisation or department. Senior staff are unable to delegate tasks and junior local staff feel frustrated in their low level of responsibility and limited career development.

Another challenge which results from the labour capability in Huawei’s African subsidiaries is the training and coaching of local employees. One staff member in the headquarter explained this issue that,
‘Considering the labour capability in some of our subsidiaries in Africa, we have training programmes to improve the technical skills of local staff. For example, in 2006-2007, we trained local staff in our Chinese headquarters to improve their skills, but a lot of them resigned and went to another company with better payment (30%-40% higher salary). So because of the loyalty and turnover of local staff in Huawei, we have limited training opportunities for them.’ --- Staff member in the Financial Monitoring and Accounting Department in the headquarters of Huawei, Shenzhen, China.

It appears that considering labour capability improvement, there is a dilemma for Huawei to provide training opportunities to local staff in Africa. On one hand, the organisation is willing to offer opportunity to local staff to improve their labour capability so that its targets and strategies are able to be achieved in a more efficient way. On the other hand, the organisation is worried about the costs of training and the high turnover of local staff in Africa, so the headquarters tend to control the training opportunities tightly recently. In this way, there is a gap between the training opportunities in Huawei and the development requirement of local staff in Africa. One Ghanaian interviewee expressed her feeling that,

‘For the training in Huawei, I have received some general training, but they are not very relevant to my daily job of HR and I am very eager to have some training opportunities in the Chinese headquarters. It is also a key reason why I am working in Huawei even with less salary compared with other companies because I want to improve my capability and skills.’ --- Staff member in the Human Resource Department in the subsidiary of Huawei, Accra, Ghana.

This quotation clearly reflects the desired requirement of more training opportunities to improve the labour capability among local employees in Africa. But there is a mismatch between the employee requirement and organisational strategies as another staff member in the Human Resource Department in Huawei’s headquarter in China pointed out that,

‘The key aim of our training programs in Huawei is not to improve the career development of our employees, but for the benefits of the organisation and the achievement of our strategies and targets. We encourage self-learning and growing based on practical experience. Usually, we only have training programs
for new staff for one to two weeks on organisational culture and other specific training programs for new products/projects. The training for some local employees in Africa is more like a reward than the improvement of their skills and capability.’ --- Staff member in the Human Resource Department in the headquarters of Huawei, Shenzhen, China.

Considering the gap and dilemma of training opportunity to enhance the labour capability in Huawei, it could be a serious challenge for the organisation. On one hand, local staff members in Africa prefer to work in Huawei due to their career development and capability improvement, but on the other hand, the organisation does not provide enough opportunity to them because of their perceived lack of loyalty or high turnover. It could be a vicious circle when the requirement of local employees cannot be satisfied, they will leave the organisation and the organisation will provide fewer opportunities to them on this condition. What is worse, the high rate of local employee turnover in Africa makes it more difficult to improve local labour capability and in this way, it is harder for the organisation to achieve its targets or strategies depending on local staff. Thus, Chinese employees have to work overtime with more tasks to be finished and the cost to achieve the organisational strategies also increases as it is more expensive to make Chinese employees work abroad as expatriates than just recruiting local staff there.

**D. Legal and Institutional Influence**

The last factor which leads to challenges in the process of performance management transfer from Huawei’s headquarter in China to its subsidiary in Ghana is the legal and institutional influence. From Section 3.1, it is clear that Huawei is an employee-owned organisation which issues share to staff as a reward. As one interviewee in the Human Resource Department explained this policy,

‘To motivate and retain employees in our organisation, we have three main methods, salary, bonus and the share. And sometimes the share incentive is more important than the motivation of salary or bonus, especially for some senior employees. It is a specific advantage of Huawei compared with other Chinese companies, such as the State-owned Enterprises (SOEs).’ --- Staff member in the Human Resource Department in the headquarters of Huawei, Shenzhen, China.
But for Huawei’s subsidiaries in Africa, the legal and institutional factor influence the allocation of shares to local staff because it is based on the trust between employees and the organisation instead of law. One employee in Ghana pointed out that,

‘Our share incentive is effective to motivate staff and we really look forward to it! But for local employees in Africa, they usually do not have share. The first reason is that the share is based on the mutual trust between staff and Huawei instead of legal systems. So in some countries overseas, it is illegal to issue the share to local staff there. The second reason is the salary for local staff in Africa is already competitive and attractive so we do not need to give share to them.’ --- Staff member of the Contract and Business Department in the Subsidiaries of Huawei, Accra, Ghana.

This quotation explained the reasons why local African staff in Huawei do not have shares of the organisation. The legal and institutional factor imposes challenges for the implementation of this policy in African subsidiaries, which reduce the motivation of some local staff there as one Ghanaian interviewee admitted that,

‘Generally I am satisfied with my salary in Huawei because it is in the middle level compared with other organisations in Accra. My position and salary is better than some other colleagues working outside Huawei. So even though I do not have share as the Chinese employees, I’m OK, as I do not have a better choice and I am here to learn new skills and try my best to learn every day.’ --- Staff member in the Human Resource Department in the subsidiary of Huawei, Accra, Ghana.

In regard with this excerpt, it is obvious that local staff in Africa is not totally satisfied with the different systems of payment compared with their Chinese counterparts. But as they do not have another choice or want an opportunity for capability development, they stay in the organisation for a period of time. When they find a better chance, they may leave the organisation. It is also a serious problem of employee retention in African context as one Chinese interviewee gave more ideas on this issue,

‘Some of our local staff in Ghana work very hard for their personal career
development and will leave Huawei when their skills have been improved. It is really a challenge to the retention of human resource management in Ghana. So to solve the problem and considering the legal issue here, we have made some change for our share policy, the Time-based Unit Plan (TUP). In the new system, the validity of the share is only about 5 years, however, it still requires more time for us to implement this policy in Africa.’ --- Staff member in the Human Resource Department in the subsidiary of Huawei, Accra, Ghana.

According to this quotation, the challenge of employee retention and motivation related to the legal and institutional factor are explained clearly. Although the local employees work in the organisation, they may leave it when there is a better opportunity or their skills have been improved.

In summary, the above discussion explores the challenges of performance management emerging from its factors when the policies and practices of performance management are transferred from Huawei’s headquarter to its subsidiary in Ghana. The reasons which lead to those challenges are also explained based on interview data. Table 6-2 below makes a conclusion of the reasons for and challenges of performance management emerging from the key factors which influence the transfer of performance management in Huawei from headquarters to subsidiaries.

Thus, to conclude, the above two sections have explored the challenges of performance management emerging from its three core values and four key factors. Then, it also discusses the reasons why those challenges influence the effective transfer of performance management from Huawei’s headquarter in Shenzhen, China to its subsidiary in Accra, Ghana. According to the data discussion, the next section will focus on the research implication to develop a template with revised criteria to consider in relation to the effectiveness of performance management in Chinese MNCs in Africa, based on the experience of Huawei.
Table 6-2: Reasons for and Challenges of Performance Management Emerging from its Key Factors from Huawei’s Chinese Headquarters to African Subsidiaries

<table>
<thead>
<tr>
<th>Characteristics and influential factors of performance management and in Huawei</th>
<th>Challenges imposed by the characteristics and factors</th>
<th>Reasons why the challenges influence effective transfer of performance management from headquarters to subsidiaries</th>
</tr>
</thead>
</table>
| **Intercultural communication** | a. Confusion and satisfaction on the processes of performance management  
   b. The mismatch between the policies and practices from Chinese headquarters and the practical contexts in Africa | a. The lack of clarification in the four processes of performance management  
   b. The lack of communication between Chinese headquarters and foreign subsidiaries |
| **Share ownership reward and legal and institutional influence** | Retention and motivation of local employees in African subsidiaries | The organisational share and stock is based on the mutual trust between employees and Huawei instead of legal systems |
| **Organisational culture** | The acknowledgement of Huawei’s organisational culture:  
   a. Dedication  
   b. Greyscale management | a. Local staff in Africa prefer to a more relaxed way of life  
   b. Local staff in Africa prefer to work in standardized processes instead of result orientation |
| **Labour capability and training** | a. The level of localization  
   b. The dilemma of training to local employees in Africa | a. Fewer tasks allocated to local staff so Chinese employees have to work overtime  
   b. Increasing the cost of the organisation  
   c. The vicious circle caused by the mismatch between employees’ requirement of training and the organisational strategies of training |

*Source: Data analysis.*

The above two sections explore the reasons for and challenges of performance management in Huawei from its headquarters in China to subsidiaries in Ghana. Those challenges are identified from the core values and key factors of performance management. The reasons why these challenges influence the effective transfer of PM policies and practices in Huawei are also discussed. Based on the findings reported, this part focuses on the implications of the research with new templates. In details, from the above discussion on the reasons for and challenges of performance management from Huawei’s Chinese headquarter to African subsidiaries, new criteria of performance management is purposed for Chinese MNCs in Africa so that the effectiveness of their performance management system may be improved.

In section 6.1, challenges of performance management and the reasons behind them are discussed according to Huawei’s three core values, result-orientation, strong executive ability and teamwork. Then in Section 6.2, intercultural communication, share ownership reward and legal and institutional influence, organisational culture, labour capability and training are identified as key parameters which impose challenges for performance management transfer in Huawei from China to Ghana. As a result, Section 6.1 and Section 6.2 form the foundation on which the effective transfer of performance management in Chinese MNCs from their headquarters to African subsidiaries can be investigated. But in practical contexts, those challenges and their causes are easily or even excluded as criteria governing effectiveness in the performance management system. In other words, more attention is required to be paid to those criteria to ensure effective transfer of performance management in Chinese MNCs. So, according to the previous findings summarized in Table 6-1 and Table 6-2, this section develops templates with new criteria for the performance management systems in Chinese MNCs to enhance the effective transfer of their PM from China to Africa.

A. Result-orientation and Teamwork

From the research findings in Table 6-1 in Section 6.1, the PM system in Huawei emphasizes result-oriented assessment and teamwork value as significant organisational culture to evaluate performance. However, there are some issues in this approach as one interviewee
also pointed out that,

‘For most staff at the basic level in Huawei, if their tasks are not quantitative enough, the PBC system for performance management is not effective enough. For staff whose work is easily quantitated by indicators or numbers, the system is effective. For instance, with the KPI for a whole team or a group, it is much easier to do assessment.’ --- Staff member in the Sales and Marketing Department in the headquarters of Huawei, Shenzhen, China.

This quotation explains that the achievement of the quantitative targets is the most important for performance evaluation and if the targets are not quantitative enough, it is difficult for the system to generate data to manage performance. But it does not mention the assessment of standardized processes leading to the results and targets for performance management in the system. Actually, if each standardized step in the process is also evaluated, instead of only focusing on the result achievement, the effectiveness of performance management may be improved. So instead of focusing on the assessment of result achievement only, the implementation of standardized processes in each step may be an important criterion for PM system in Chinese MNCs in Africa.

B. Strong Executive Ability and Organisational Structure

The second challenge for performance management in Huawei is its rapid implementation of policies and practices with a strong executive ability from Chinese headquarters to African subsidiaries. Because of the top-down structure in the processes of decision-making in the organisation, which can result in the mismatch between targets for performance management and practical contexts, the strong executive ability of Huawei may reduce its employees’ motivation and engagement in their tasks. One interviewee in the Organisational Change Department in Shenzhen, China indicated the direction for further development in Huawei regarding its employee motivation and engagement issue,

‘The key point to improve Huawei’s operation overseas is to give our staff members more opportunities to get involved in their tasks, especially for local African employees. In our department, we have a monitoring system to improve our employees’ involvement and the localization in subsidiaries, so that from the
perspective of outsiders, we may identify the advantages and disadvantages of Huawei.

But we still need reform in our system to improve the involvement and engagement of our staff members, especially those at the basic levels. As our former CEO, Mr. Ren said, it is a battle of the squad leaders in the army. So we need to get more employees ‘voice heard from the front line to the decision-making level to keep our organisational strategies in line with the practical contexts.’--- Staff member in the Organisational Change Department in the headquarters of Huawei, Shenzhen, China.

From this excerpt, it seems obvious that the top-down organisational structure leads to problems for the organisation regarding the involvement of staff members into the target-setting process. What is worse, when the staff members implement policies or practices from headquarters to their subsidiaries with a strong executive ability, the targets may not be practical for the contexts, but to ensure the efficiency, they may feel that do not have enough time to reconsider the targets and implement them in a timely manner. So employees tend to feel very stressful and anxious with reduced motivation. In this case, it is difficult for the organisation to achieve its targets and strategies. To cope with this problem, new criteria for employee engagement and empowerment may need to be added in the system for performance management. Especially for local staff members in Africa and employees at basic levels, their involvement into the decision-making process could facilitate the achievement of organisational strategies within a flatter structure and the targets for performance management are more realistic in practical contexts with improved staff motivation at the same time. In addition, with more employees at the basic levels participating in the decision-making processes, the targets for performance management could be updated in time. So timeliness and flexibility can be improved according to practical contexts in the performance management system instead of just result-orientation. Another interviewee commented on this issue,

‘The indicators of KPI and PBC for African subsidiaries are too strict, result-oriented and centrally-controlled, which makes the system lack flexibility. For instance, as the targets in our performance management system are set up at the beginning of the year and it is valid for a year or half a year to do assessment,
some indicators or criteria are not updated and suitable for practical contexts since the situations are quite changeable. But employees still have to make sure the achievement of the results, which can be unrealistic and make them very stressful.’

--- Staff member in the Sales and Marketing Department in the headquarters of Huawei, Shenzhen, China.

C. Culture

The next challenge is imposed by cultural influence. Based on the discussion in Section 6.1 and Section 6.2, it is difficult for local African staff in Huawei’s subsidiaries in Ghana to accept and understand some aspects of the organisational culture, such as the dimension affecting the degree of dedication and the acceptance of the greyscale management. Specifically, in the processes of performance management, local staff members are likely to be confused that their individual assessment is influenced by the achievement of their team targets. Furthermore, compared with their Chinese counterparts, local African employees prefer to work in a more relaxed way and to achieve their targets with standardized processes instead of just focusing on results. Those problems are due to the differences between Chinese and African culture. The performance assessment system which is influenced by collectivism culture demonstrates the individual and organisation contradiction. The dedication and greyscale management are also special factors with specific Chinese cultural characteristics, which give emphasis on hardworking, compromise and flexibility. But for local staff members in Africa, those cultural factors are difficult to understand and accept. A Chinese interviewee has addressed this issue clearly as following.

‘Compared with other African countries, local employees in Ghana are relatively mild and give great importance to standardizing rules and regulation influenced by western culture. But the Chinese culture deeply influences Huawei, which distinguishes Huawei from some local Ghanaian companies. For instance, our employees sometimes need to achieve targets for performance management without specific and standardizing procedures or clear requirement, in accordance to our organisational culture of flexibility. But local staff members here tend to work within standardized processes and prefer to be guided by each step which leads to the target achievement automatically.
So I think more communication is needed in our organisation, especially between Chinese managers and local African employees. In this way, Huawei’s organisational culture can be better acknowledged and accepted in Ghana among local staff members and customers. It can then improve the level of localisation in our subsidiary and reduce the cost of headquarters in China at the same time. In addition, more communication can also give a sense of belongings to employees when they try to help and understand each other better, so the employee retention can be improved as well. ’--- Staff member in the Human Resource Department in the subsidiary of Huawei, Accra, Ghana.

This quotation above has shed lights on solutions to the problems which are caused by the difference between Chinese and African culture. Considering the difficulty for African employees to understand and accept some Chinese cultural values, such as collectivism, dedication and flexibility, interviewees suggest that, more communication with local African staff members is necessary to reduce the negative cultural impact. In the processes of performance management, more communication can explain the importance of team-target achievement and result-oriented assessment to local staff. It can also give a sense of belonging and respect to them so that it is much easier for subsidiaries to retain local employees. Furthermore, if subsidiaries have more opportunities to communicate with Chinese headquarters, the executive team can have better ideas on the practical situations in Africa when they make decisions and subsidiaries can understand the policies from headquarters better as well. In this way, staff members are likely to be more motivated and the organisational targets and strategies are easier to be achieved. So based on the experience of Huawei, in the system of performance management in Chinese MNCs in Africa, the effectiveness of intercultural communication is another significant criterion to consider when evaluating performance management system operation.

D. Labour Capability and Training

Besides all the above challenges, labour capability and training are also crucial factors in the performance management system. Section 6.2 explains that the level of localization in Huawei’s subsidiaries in Africa is closely related to local labour capability. In other words, if local African employees are more skillful, more tasks are allocated to them and less Chinese expatriates are needed. For the training and development of local employees in Africa, the
mismatch between employees’ requirement and the organisational strategies for training is another challenge. Local staff members in Africa require more opportunities for training, but considering their rapid turnover compared with their Chinese counterparts, headquarters do not give them enough training opportunities. It can be a vicious circle that local African employees leave the organisation due to the lack of training, while on the other hand, the organisation gives even less training opportunities to African staff members as they are very difficult to retain. Interviewees have reached a consensus on this issue as below,

‘Considering the loyalty and turnover of local staff members in Africa, there are limited training opportunities to them. And although some of them get the chance, there is a big gap between training programs and practical work in Africa. So we have a tutor system for staff development, which depends on self-improvement and learning with flexibility. For the problems of our training programmes, we do not have contract systems or policies to monitor the effectiveness. But for our competitor, Ericsson, staff members there need to sign a contract to ensure that after certain amount of training, if they leave the organisation, they have to pay money back. In Huawei, some of our training programs are implemented by an independent organisation, so employees need to pay the training fees themselves to get the opportunity.’--- Staff member in the Project Management and Operation Department in the headquarters of Huawei, Shenzhen, China.

This quotation illustrates how labour capability and training influence performance management in Huawei. Limited training opportunities make it more difficult to retain local staff members in Africa. At the same time, Chinese employees have to work overtime as many tasks are not allocated to their African counterparts because negative views of their capability and loyalty. It is a vicious circle which also has a negative impact on the achievement of organisational targets and strategies. But a win-win solution is also possible if the organisation can give more trust and opportunities to local employees in African subsidiaries. So to assess the effectiveness of performance management, labour capability improvement and training opportunities play a significant role in the system. Although Personal Improvement is a section to assess performance in the PBC system in Huawei (Appendix Three), it is more formalism than concrete influence as this section is not included in performance evaluation. In other words, to improve the effectiveness of performance management system in Chinese MNCs in Africa, labour capability and training cannot be ignored in the evaluation process.
Thus a new criterion could be added into the system with regard to individual training and development. When staff members are more capable with appropriate training opportunities, they tend to be more satisfied and easier to retain. In this way, organisational targets and strategies can also be achieved.

**D. Sustainable Development**

Furthermore, attention also needs to be paid to sustainable development in the processes of performance management. In other words, besides the criteria and indicators for short-term results or targets to assess performance in the PM system, factors influencing long-term and sustainable development for the organisation and society are required to be considered as well. On one hand, the sustainable development of performance management is closely related to local labour capability. As in the Chinese MNCs in Africa, local staff members have the opportunities to learn skills with specific Chinese characteristics and even after they leave one of those organisations, they can transfer what they have learnt to other companies. In this case, labour capability in African countries is improved and Chinese companies can increase their level of localization and reduce costs for expatriates as local staff members become more capable. On the other hand, when Chinese MNCs place emphasis on sustainable development, its local community in Africa can gain benefits and improve their cooperation with Chinese companies, which results in a better image and reputation for Chinese organisations. It can also make Chinese MNCs achieve their business strategies and targets in a more effective way. From the interviews in Huawei, one respondent discusses this issue as below,

‘For some of the leaders in our African subsidiaries, as their tenure is usually only for several years or even shorter, the focus of their work is to achieve short-term targets and goals during the one or two-year incumbency. They tend to ignore the long-term benefits of our organisation and local community. In the system to evaluate their performance, there is no indicator relating to the long-term issues as the assessment usually only emphasizes the achievement of annual targets, such as the amount of sales or project contracts during the past year.’--- Staff member in the Sales and Marketing Department in the headquarters of Huawei, Shenzhen, China.

This excerpt reiterates the importance of long-term criteria and indicators for sustainable
development in the performance management system. In operational contexts, performance assessment for employees needs to include their contribution to the organisations and human resources and local community in the long term instead of only focusing on their short-term target achievement. Considering the position rotation policies in Huawei, the long-term criteria for performance management are more necessary to improve its organisational reputation and sustainable development in Africa.

**E. Leadership**

The last indicator relating to the effectiveness of performance management in Chinese MNCs in Africa is mainly for the middle and senior level managers or leaders in African subsidiaries. It refers to the criteria to assess the supervisory and executive skills of middle and high level managers. To assess the performance of department managers and subsidiaries leaders in Africa, integration and localization is significant, but the indicators in the PBC system are very quantitative. For instance, as the way to assess localization of one African subsidiary is only the number of local staff members, the managers or leaders there just recruit a lot of local employees at the basic level, such as drivers or printers. Only a few local staff members are involved into the daily work level with limited opportunities. One local employee in Ghana described her feeling about the involvement,

‘The Chinese employees speak Chinese and I just get used to it. Although it can make me feel uncomfortable, I do not have another choice. I do not know the policies from the original offices as our managers will just break down the tasks for us to do individually, so I have no idea about our team targets or goals. All the decisions are made by Chinese and Ghanaians are not involved in the decision-making process at all. Everything has to go to a Chinese, or it will not be good. In a Swedish company I’ve worked before, there is a mixture of staff members and culture. One culture does not dominate the other and everybody tries to adapt to each other through learning and information sharing. But here in Huawei, the Chinese culture is much dominated.’ --- Staff member in the Human Resource Department in the subsidiary of Huawei, Accra, Ghana.

The above quotation discusses the problem of localization in Chinese MNCs in Africa from
the perspective of employee integration. Although the number of local African employees accounts for a large part of Huawei’s subsidiaries, they mainly work at the basic levels and some of them do not have any access to work involving more autonomy or decision-making. For example, from the author’s observation, there are about six to seven employees in the Human Resource Department in Huawei’s subsidiary in Ghana and only two of them are Chinese, but the local African staff members are working at the basic or supportive levels with very limited involvement in the work in the department under the guidance of the Chinese manager. So to improve the effectiveness of performance management in Chinese MNCs in Africa, a further criterion can be added into the system for department managers and subsidiary leaders with regard to the supervisory and executive skills needed to improve localization and to facilitate integration among employees from different countries. In this case, cross-cultural barriers can be reduced in African subsidiaries of Chinese MNCs and local staff members have a better sense of belonging in the organisation with more confidence. It brings great benefits to employee retention and organisation strategy achievement at the same time.

To conclude, this section has discussed emerging criteria for developing more effective performance management system in Chinese MNCs in Africa based on the existing problems and challenges in Huawei from its headquarters in China to subsidiaries in Ghana. Specifically, to improve the effectiveness of performance management, new criteria in the system may include the implementation of standardized processes in each step, closer attention to employee engagement and empowerment, a sharper focus on intercultural communication skills, more opportunities for individual training and development, long-term and sustainable development and employee integration and localization. Thanks to the discussion in Section 6.1 and Section 6.2, relevant factors and practices of those criteria in performance management system have also been explored. To express it in a clear and direct way, Template Three and Four below provide a summary of this.
Template Three: Emerging Challenges and Relevant Factors for Performance Management in Chinese MNCs in Africa

<table>
<thead>
<tr>
<th>Emerging challenges for PM</th>
<th>Relevant factors in the PM system</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Result-oriented assessment</td>
<td>1. Standardized work processes in each step</td>
</tr>
<tr>
<td>b. Top-down organisational structure</td>
<td>2. Timeliness with flexibility in targets to manage performance</td>
</tr>
<tr>
<td>c. Expectation-reality mismatch</td>
<td>3. The individual-organisation contradiction</td>
</tr>
<tr>
<td>d. Lack of organisational culture acknowledgement and acceptance</td>
<td>4. Employees’ involvement in decision-making process</td>
</tr>
<tr>
<td>d. Limited opportunities for staff training and development</td>
<td>5. Teamwork and information sharing</td>
</tr>
<tr>
<td>e. Short-term tenure and position rotation policies</td>
<td>6. Intercultural communication</td>
</tr>
<tr>
<td>f. Feelings of domination and exclusion among employees from different countries</td>
<td>7. Labour capability improvement</td>
</tr>
<tr>
<td></td>
<td>8. Long-term and sustainable development</td>
</tr>
<tr>
<td></td>
<td>9. Employee integration and localisation</td>
</tr>
<tr>
<td></td>
<td>10. Supervisory and executive skills of leadership</td>
</tr>
<tr>
<td>Emerging Criteria in PM System</td>
<td>Practices of Performance Management (PM)</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>------------------------------------------</td>
</tr>
</tbody>
</table>
| 1. The implementation of standardized processes in each stage of process step | a. Setting targets with well-organized and standardized processes  
b. Coaching on each process to achieve the targets and results  
c. Focusing on both the result-achievement and each process to achieve the results in performance evaluation  
d. Reviewing the pros and cons in performance application to improve the standardisation in the processes to achieve results. |
| 2. Timeliness and flexibility of targets to manage employees’ performance in job design | a. Setting targets according to the practical contexts and leave flexibility allowing for the update and timeliness of the targets |
| 3. Employees’ involvement into the decision-making process | a. Sharing information with more employees involved in the decision-making process of setting targets, dividing tasks and evaluating performance, especially those from the front-line, into  
b. Evaluating performance in a transparent, fair and equal process to keep every member in the team informed and involved  
c. Recognizing the importance of employee reviews to make them more engaged and involved in the performance application process |
| 4. Teamwork and information sharing | a. Clarifying the significance of team-target achievement for performance management, especially for employees with an individualism culture background  
b. Teamwork through performance coaching to facilitate the achievement of targets  
c. Informing individual members of their team results of performance assessment  
d. Team review and discussion in performance application for future improvement |
### 5. Intercultural Communication
- a. Explaining the targets for performance assessment including individual and group goals and each standardized process to achieve the goals
- b. Making communication and coaching available to facilitate the achievement of performance targets and keeping employees continually engaged
- c. Ensuring transparency and fairness in performance evaluation with high performance rewarded
- d. Applying performance management for future development through more communication, especially with employees at the junior-staff levels

### 6. Employees’ Capability Improvement
- a. New ideas are welcome in the process of target-setting
- b. Keeping job-related information and training available and establishing working conditions to support target achievement through coaching and communication
- c. Including the capability improvement into a part of performance assessment
- d. Applying the results of performance management for formal career development plans for staff members

### 7. Long-term and Sustainable Development for the Organisation and Local Community
- a. Setting targets not only for short-term result achievement, but also considering long-term and sustainable development
- b. Evaluating performance not only based on short-term target achievement, but also on the sustainable contribution to the organisation and local community, especially for subsidiary leaders and department managers
- c. Helping local African staff members to develop their capability and enabling capability transfer of what they have learnt in Chinese MNCs to other organisations

### 8. Employees’ Integration and Satisfaction
- a. Discussion and teamwork in the process of target setting and task division
- b. Sharing job-related information and training to achieve targets and goals
- c. More communication, transparency and information sharing in performance assessment
- d. Standardized working language requirement to ensure all the employees can feel involved
9. Supervisory and executive leadership skills (for managers and leaders)

- Effective communication with staff members to clarify the performance targets for individuals and their groups
- Coaching and communication to facilitate target achievement
- Ensuring fairness and equality in performance evaluation to make employees engaged continually
- Applying the results of performance management for future development to achieve organisational strategies and targets

Source: the author's own work.

6.4 The Summary of Chapter Six

In this chapter, reasons for and challenges of performance management in Huawei have been explored from its Chinese headquarters to African subsidiaries. The first section discusses the challenges and their reasons in performance management system in Huawei considering its core values. Specifically, lack of standardized processes to achieve performance targets, a top-down organisational structure with limited employee involvement, mismatch between performance management targets and practical contexts and lack of acceptance of teamwork and collectivism values are challenges and problems in Huawei’s performance management system. Then, in regard to key factors which influence the effective transfer of performance management from China to Ghana in Huawei, several other challenges and problems are investigated as well. They are lack of clarification in the four processes of performance management, lack of communication between Chinese headquarters and its overseas subsidiaries, work and life balance, lack of standardisation in working processes, unequal task allocation between Chinese and African staff members and mismatch between employees’ requirement of training and the organisational strategies of training.

After the discussion in the first two sections, based on the experience of Huawei, the last section of this chapter applies the research findings to a wider context of other organisations and creates two new templates with criteria and indicators which may improve the effectiveness of performance management system for Chinese MNCs in Africa. They include
the implementation of standardized processes in each step, timeliness and flexibility of targets to manage employees’ performance in job design, employees’ involvement into the decision-making processes, teamwork and information sharing, intercultural communication skill improvement, employees’ capability improvement, long-term and sustainable development for the organisation and local community, employees’ integration and satisfaction and supervisory and executive leadership skills for department managers and subsidiary leaders, respectively. To summarize the findings in this chapter, Table 6-3 below illustrates them in accordance with Research Questions Four, Five, Six and Seven in Chapter One.

Table 6-3: Answers for Research Questions Four, Five, Six and Seven based on the Discussion in Chapter Six

<table>
<thead>
<tr>
<th>Research Questions</th>
<th>Answers based on Data Findings and Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. What are the challenges and problems which influence the effectiveness of performance management in Huawei’s headquarters in Shenzhen, China and subsidiaries in Accra, Ghana?</td>
<td>a) Challenges and problems emerging from the core values of performance management:</td>
</tr>
<tr>
<td></td>
<td>• Focusing on the achievement of targets and results instead of the processes</td>
</tr>
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<td></td>
<td>• The rapid implementation of policies and practices from headquarters to subsidiaries overseas</td>
</tr>
<tr>
<td></td>
<td>• The achievement of team targets influences individual performance evaluation</td>
</tr>
<tr>
<td></td>
<td>b) Challenges and problems emerging from key factors of performance management:</td>
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<tr>
<td></td>
<td>• Confusion and dissatisfaction on the processes of performance management</td>
</tr>
<tr>
<td></td>
<td>• Mismatch between the policies and practices from Chinese headquarters and the practical contexts in Africa</td>
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<tr>
<td></td>
<td>• Retention and motivation of local employees in African subsidiaries</td>
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<tr>
<td></td>
<td>• The acknowledgement and acceptance of Huawei’s organisational culture, such as dedication and greyscale management</td>
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<td></td>
<td>• The level of localization in African subsidiaries</td>
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<td></td>
<td>• The dilemma of training to local employees in Africa</td>
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</tbody>
</table>
5. Why do the challenges and problems of performance management in Huawei influence its effective transfer from the headquarters in Shenzhen, China to subsidiaries in Accra, Ghana?

- a) Lack of standardized processes to achieve targets and results
- b) Top-down organisational structure with limited employee involvement in the process of target-setting and decision-making
- c) Mismatch between performance management targets and practical contexts
- d) Lack of acknowledgement and acceptance of teamwork and collectivism values for performance evaluation, especially among local employees in Ghana
- e) Lack of clarification in the four processes of performance management
- f) Lack of communication between Chinese headquarters and foreign subsidiaries
- g) The organisational share and stock is based on the mutual trust between employees and Huawei instead of legal systems
- h) Local staff in Africa prefer a more relaxed way of life
- i) Local staff in Africa prefer to work in standardized processes instead of result orientation
- j) Fewer tasks allocated to local staff so Chinese employees have to work overtime
- k) The vicious circle caused by the mismatch between employees’ requirement of training and the organisational strategies of training

6. How can Huawei make its performance management more effective in Ghana?

- Improving the standardized system for its performance management from Chinese headquarters to African subsidiaries considering features of local contexts
- Attention to factors in Template Three and Template Four which influence the effective transfer of performance management policies and practices from China to Ghana

7. How might Chinese MNCs develop criteria by which they can measure and improve the effectiveness of performance management in Africa?

- New criteria and indicators can be added to the system of performance management to improve its effectiveness in Chinese MNCs in Africa. They are
  1. The implementation of standardized processes in each step
  2. Timeliness and flexibility of targets to manage employees’ performance in job design
<p>| | |</p>
<table>
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<th></th>
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<tbody>
<tr>
<td>3.</td>
<td>Employees’ involvement in the decision-making process</td>
</tr>
<tr>
<td>4.</td>
<td>Teamwork and information sharing</td>
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<tr>
<td>5.</td>
<td>Intercultural communication</td>
</tr>
<tr>
<td>6.</td>
<td>Employees’ capability improvement</td>
</tr>
<tr>
<td>7.</td>
<td>Long-term and sustainable development for the organisation and local community</td>
</tr>
<tr>
<td>8.</td>
<td>Employees’ integration and satisfaction</td>
</tr>
<tr>
<td>9.</td>
<td>Supervisory and executive leadership skills (for managers and leaders)</td>
</tr>
</tbody>
</table>

*Source: the author’s own work.*

From the findings and discussion reported above in this chapter, challenges of and reasons for effective performance management in Chinese MNCs in Africa are explored based on the data analysis in Huawei when practices and policies of performance management are disseminated from its headquarter in Shenzhen, China to its subsidiary in Accra, Ghana. Furthermore, the research also applies findings to other Chinese MNCs in Africa with new criteria and indicators to improve their system for performance management. Hence, we can summarize from the discussion that Chinese MNCs do face challenges and problems when they transfer practices and policies of performance management from their headquarters to subsidiaries in Africa. However, new indicators and criteria for a performance management system may improve its effective dissemination from China to Africa when the MNCs attach importance to the reasons which lead to those issues and factors.
CHAPTER SEVEN: CONCLUSION

This chapter summarises and presents the major conclusions of the thesis. Based on the research aim to explore the nature and impact of selected practices of IHRM in Chinese MNCs in their headquarters and in African subsidiaries, the author explores the systems and practices of performance management in a Chinese telecommunication MNC, Huawei, using data collected from its headquarters in Shenzhen, China and a subsidiary in Accra, Ghana. To understand the rationale and consequences in transferability of performance management practices from China to Africa, the author firstly, on the foundation of the theoretical frameworks in Chapter Two (See Template One), investigates the main issues and factors which influence the transfer of IHRM policies and practices in Huawei from its Chinese headquarters to African subsidiaries (See Template Two). Then the author identifies the challenges of performance management transfer and analyses the core frameworks of the study. Two templates (See Template Three and Template Four) focusing on the impact of factors on performance management transfer and the effectiveness of IHRM practice dissemination in Chinese MNCs in Africa with new criteria are developed from the experience of Huawei. In addition, through an exploration of the practices and systems of performance management in Chinese MNCs in Africa, the thesis also discusses their connection with other major aspects of IHRM, such as managing and developing staff, recruiting and retaining staff, leadership, reward management, employee engagement and empowerment, intercultural communication, sustainable development and corporate social responsibility (CSR).

7.1 Contribution of This Research and Implications for Future Research and Practice

The proposed templates based on the underlying frameworks suggest a new approach to research on performance management, especially the transfer of performance management practices from western contexts through Chinese organisations to Africa. The study of Huawei indicates that it is possible to transfer a centralized and standardized mechanism for performance management in the western contexts from Chinese headquarters to subsidiaries overseas, such as Africa. In this process, the transferability of performance management from China to Africa is influenced by key issues and factors.
In assessing the contribution of this research, former studies focused on the diffusion and reverse diffusion in multinational corporations between developing and developed contexts (Zhang & Edwards, 2007; Edwards & Rees, 2011). For example, one study explores the diffusion of motivation policies and practices in Chinese MNCs from the UK to China (Zhang & Edwards, 2007). However, in this research, the emphasis is on the transfer process of theories and practices derived from western contexts as they are transferred from China to Africa through strategies developed in Chinese MNCs. According to the findings and discussion in this thesis, a standardized and centralized system for performance management is established based on the cooperation between a Chinese organization and an American consultancy company. As a result, the chief management team can allocate targets to subsidiaries globally on the basis of the organisational strategies and monitor achievement through performance evaluation and application. In this way, organisational strategies are said to be transferred and achieved efficiently. It sheds new light on the development of performance management, especially for organisations which plan to establish systems for PM with more professional and international standards and then transfer them to subsidiaries overseas. In other words, with the standardized process to manage performance, it is easier for headquarters to manage the operation and implementation of organisational strategies in subsidiaries across the world. At the same time, it is reported that employees’ performance can also be evaluated according to the achievement of each process globally in a more equal way. Following this exposure, the espoused foundation and practices of Chinese MNCs in these respects can be evaluated from the perspectives established by this research.

The second contribution of this research is the new contextual factors in performance management from an international perspective. To ensure the effective transfer of performance management in a standardized system, several core values and key factors play significant roles. Former research has explored the role of culture, institution, business strategies, organisational structure and the relationship of IHRM practices (Cooke, 2011; Schuler et al., 1993; Warner, 2008). For example, one research gives emphasis on the role of institutional factors on human resource management in Chinese organisations. Another research explores the influence of Confucian culture on the practices of HRM in China and other countries across the world (Warner, 2010). This study, however, discusses the importance of those factors, from a context-based perspective, when PM practices are transferred from western contexts through Chinese organisations to Africa. For instance, culture including teamwork and collectivism play a significant role in performance
management in Huawei as the achievement of team targets influences individual bonus, share benefits and salary in the performance management system. Moreover, considering cultural difference between China and Ghana, Huawei emphasizes localization in its subsidiaries overseas within a guideline on the proportion of local employees.

But there are still problems and challenges for effective PM with regard to significant factors. These include the lack of intercultural communication between Chinese and African staff members and employee empowerment. Those factors are also closely linked with organisational structure and business strategies of the organisation. As the policies and practices of performance management are decided by the Chinese headquarters and then transferred to subsidiaries overseas as team targets, employees, especially local employees in Africa have very limited opportunity to be involved in the decision-making and information sharing process. Because of language barrier and organisational hierarchy, it is even more difficult for them to receive enough support to complete tasks from their managers and colleagues. It reduces their motivation and engagement. It also makes employee retention more difficult as local employees tend to feel excluded suffer a lack of sense of belonging to the organization. Next, labour capability in Africa is another factor which influences the level of localization and adaptation of Chinese organisations in Africa. Chinese organisations hesitate to provide training opportunities to local staff members in Africa due to their discrimination on the high turnover and limited loyalty of local employees. With limited opportunities for career development and capability improvement, local employee retention can be more difficult and result in a vicious circle. This contribution highlights the challenges of PM practices in Chinese MNCs in Africa by considering the factors which influence the transfer from China to Africa based on the experience of Huawei. When the headquarters diffuse practices of PM to subsidiaries in Africa, they need to take into account several factors including employees’ involvement and information sharing, intercultural communication and employees’ capability improvement besides other factors, such as culture, institution, organisational structure and business strategies.

Last but not least, this research puts forward the assessment of PM from a perspective of sustainable development. In the system for performance management derived from IBM, it is stated to require a sustainable time frame, which refers to performance evaluation of current year results, long-term strategies and full career retention and pension (Mishra, 2013; IBM Official Website, 2015). Based on the findings in Chapter Five and discussion in Chapter Six
of this research, sustainable development is clarified as a key indicator for PM, which is a new issue regarding PM evaluation in Chinese MNCs as factors influencing long-term and sustainable development for the organisation and society are necessary to be considered. In operational contexts, performance assessment for employees focuses on target achievement instead of their contribution to the organisations and local community in the long term. During the one or two-year incumbency in one subsidiary overseas, some employees tend to ignore long-term benefits to the organisation and local community. In the system to evaluate performance, the assessment usually only emphasizes the achievement of annual targets, such as the amount of sales or project contracts during the past year. With a focus on sustainable development, performance is evaluated based not only on current year results, but also on long-term strategies, such as customer satisfaction or organisational reputation. In addition, from a perspective of sustainable development, local staff members in Africa are given more opportunities to learn skills with specific Chinese characteristics and even after they leave one of those organisations, they can transfer what they have learnt to other companies. It can be a win-win solution for both African countries with improved local labour capability and Chinese companies with reduced costs for expatriates through higher level of localisation. Moreover, the perspective of sustainable development enables local governments and other local organisations to have a better understanding of Chinese companies. It may facilitate their cooperation with Chinese partners for further development to gain benefits for both African countries and Chinese MNCs, especially for the improvement of local labour capabilities and the reduction of poverty and unemployment in local communities. Finally, when Chinese MNCs place emphasis on sustainable development, it is more likely for local community in Africa to gain benefits and to improve their cooperation with them, which results in a better image and reputation for Chinese organisations at the same time. It can, as a reward, make Chinese MNCs achieve their business strategies and targets in a more effective way. Table 7-1 below makes a summary for the key contributions of this research based on former study and the implications of those contributions are discussed from both academic and practical perspectives.
### Table 7-1: Contribution of This Research and Implications for Future Research and Practice

<table>
<thead>
<tr>
<th>Key Contribution of This Research</th>
<th>Literature in Previous Research</th>
<th>New Assessment in This Research</th>
<th>Research and Practice Implication</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Transfer of IHRM practices</strong></td>
<td>The diffusion and reverse diffusion of HRM practices in MNCs between developing and developed contexts, such as between China and the UK (Zhang &amp; Edwards, 2007; Edwards &amp; Rees, 2011)</td>
<td>The transferability of a model for HRM practices from western contexts is possible from China to Africa considering the adaptation of specific Chinese characteristics to African conditions through Chinese MNCs</td>
<td>• Research implication: The application of western managerial frameworks in Chinese organisations and then transferring them to African countries to improve the effectiveness of management and operation. • Practice implication: Organisations can gain experience from Huawei when they manage their staff globally, such as to establish standardized systems for management with experience from western countries and then to transfer them to African contexts considering their specific characteristics.</td>
</tr>
<tr>
<td><strong>2. Influential factors of IHRM practices</strong></td>
<td>In the process of IHRM practices transfer, factors including culture, institution, business strategies and organisational structure influence a coherent relationship between the standardized systems in headquarters of MNCs and adapted practices in subsidiaries overseas</td>
<td>The challenges of IHRM practices in Chinese MNCs in Africa considering new factors which influence the IHRM transfer from China to Africa, including employee involvement, information sharing, intercultural communication and employees capability and development</td>
<td>• Research implication: The exploration on the nature and issues of IHRM practices in Chinese MNCs in Africa by considering the factors which influence the transfer from China to Africa based on the research in Huawei. When the headquarters diffuse IHRM practices to subsidiaries in Africa, they need to take into account several factors and stakeholders so that benefits can be gained by both the MNCs and the host countries with a ‘win-win’ solution.</td>
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</tbody>
</table>
(Schuler et al., 1993; Warner, 2008; Cooke, 2011)

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<tr>
<th>3. Sustainable development of IHRM practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>In the PM system in IBM, it requires a sustainable time frame, which means that performance is evaluated by current year results, long-term strategies and full career retention and pension (Mishra, 2013; IBM Official Website, 2015)</td>
</tr>
</tbody>
</table>

- Practice implication: The importance of new influential factors to be considered when organisations in China, Africa, Europe and North America to examine the transferability of a standardized system for management from the western contexts through China to Africa with adaptation according to their characteristics.

- Research implication: In research on performance management, the assessment criteria include not only target achievement, such as the amount of sales or project contracts, but also indicators related to sustainable development, such as contribution to customer satisfaction, organisational reputation or capability improvement of local staff members in Africa.

- Practice implication: Chinese MNCs can gain experience from Huawei when they manage the performance in African countries to improve the capability of local staff and their engagement in the organisation. After local employees leave the Chinese MNCs and work for another organisation, they can disseminate the values and skills they have learned before in the new organisations. It can also develop a better image and reputation for Chinese organisations and improve the understanding between Chinese organisations and local organisations in Africa.
7.2 Limitations and Conclusion

A. Limitations

As Section 7.1 mentioned above, this research sheds new light on performance management for organisations operating globally, especially on the transfer, influential factors and sustainable development of IHRM practices. It also discusses the implication of those findings from both academic and practical perspectives. Nevertheless, this study has some limitations to be addressed. The first one is the research generalization. Findings and models on performance management practices or systems based on a specific case may not generalize across different cultural contexts. In other words, MNCs need to be cautious when implementing the same strategies of PMS in subsidiaries around the world as the situations are more complicated when an organisation has an international and cross-cultural workforce in one subsidiary. Furthermore, it could be even more difficult for managers from one culture to evaluate performance of employees from another if they lack enough understanding of cultural norms on behaviours. Thus, although this research still has a broad sense of implication across cultures, it should be noted that specific practices and systems may differ from organisations and contexts, even for those with the same strategies or goals.

Next, this research has been primarily conducted in one Chinese MNC in the telecommunications sector in its Chinese headquarters in Shenzhen and one subsidiary in Accra, Ghana. It may potentially limit its applicability considering contextual variables, such as the industry type, size of organisation or employee levels. For example, can the PMS be transferred to the subsidiaries of Chinese organisations in other African countries besides Ghana, such as South Africa, Nigeria, Kenya, Tanzania and Uganda? Can organisations in other sectors with different types of ownership, for instance, state-owned enterprises (SOEs) in the infrastructure sector or private-owned companies in the manufacturing sector, apply a standardized PMS, as Huawei, and then transfer it to subsidiaries across the world considering different cultural contexts?

Finally, this research examines some new factors and criteria which influence the effectiveness of PMS, such as intercultural communication, employee empowerment and engagement, leadership skills, employee capability improvement, and sustainable
development for organisations and local community. Those factors set the context in which employees are directed based on the assessment of target achievement in the PMS. However, some other factors, especially those related to the ethics, need further examination. For instance, tough goals under huge pressure in the PMS may lead employees to set up short-term deals or to falsify records to show their achievement, which may cause some illegal actions, damage the organisational reputation or customer satisfaction in the long-term. So it is significant for researchers to give emphasis on the unforeseen impact of the PMS from a sustainable perspective.

**B. Conclusion**

This research considers issues emerging from the nature, impact, factors, challenges and chances for Chinese MNCs when disseminating their IHRM practices from headquarters to subsidiaries in Africa. It raises the debate on standardisation and adaptation in the process of IHRM practices transfer. Research findings imply that standardisation can provide a solution to the problems caused by result-orientation as staff performance is not only assessed by target achievement, but also by each standardized process to fulfill the target. Such an approach improves the competitiveness of organisations in a more standardized and professional process for business operation and performance management, which are closely linked with the organisational strategies. In addition, targets and tasks are clearer to local employees in Africa with specific processes to achieve them and performance evaluation can be fairer as it is based on the assessment of each process instead of just target achievement. As a result, local staff members in Africa are more comfortable and less confused when they work in a standardized system, which can facilitate employee retention to some extent. Another advantage of standardisation is that it can spread the expertise of the leading employees in the organisation, especially some senior technological experts, based on more efficient and professional systems so that the cost and risk of employee turnover is reduced (See Section 5.3).

However, standardisation can make the policies and practices not as pragmatic as designed in the headquarters when implemented in subsidiaries overseas as they are decided by the chief executive team in a top-down structure. What is worse, when the strategies and targets are not suitable for local situations, or even lead to a wrong direction, the subsidiaries still implement them without delay to ensure the strong executive ability without enough opportunity to
review those policies and targets before implementation. In addition, local situations in subsidiaries are subject to change, but the standardized system and targets for performance management are set up for the whole year and lack flexibility and may not manage and reward staff in a timely and adjustable way. So standardisation can result in a mismatch between the performance management targets and practical contexts (See Section 6.1). The second challenge of standardisation in Huawei is related to employee engagement and empowerment. In a standardized system of performance management within a top-down hierarchy, target-setting and evaluation are carried out by headquarters or department managers, which limit the decision-making involvement of staff members from the basic levels, especially for the local employees in overseas subsidiaries. It can also reduce their motivation to work as the targets for performance management are not realistic enough in practical contexts and they tend to be unsatisfied with the results of performance assessment when their involvement is limited (See Section 6.2). The next problem related to standardisation is the acceptance of organisational culture and the lack of effective communication. As the system and processes of performance management are standardized from headquarters to subsidiaries, managers or leaders are more likely to divide tasks according to the hard and technical system and ignore the emotional or soft requirement and feelings of employees, such as the acknowledgement of the organisational culture, sense of belonging or satisfaction of their work environment. The lack of communication to clarify each standard or process in the system is also a problem, especially between Chinese managers and local employees in Africa. Some managers may assume African staff members understand their tasks clearly through the standardized system for performance management as their Chinese counterparts, but due to cultural differences, more communication is required when the issues are linked with dedication, greyscale management, flexibility, collectivism or teamwork (See Section 6.2).

So it is apparent that standardisation can be regarded as ‘a friendly foe’ for Chinese MNCs in Africa as it appears to make performance management practices more effective when they are diffused from headquarters to subsidiaries. At the same time, however, it can also lead to challenges, such as the mismatch between reality and target expectation, the lack of employee engagement and involvement and the ignorance of intercultural communication. So in practical contexts, adaptation sheds some light on the challenges of IHRM practices in Chinese MNCs in Africa by considering the factors which influence their effective transfer from China to Ghana based on the experience of Huawei.
Specifically, culture including teamwork and collectivism play a significant role in performance management in Huawei as the achievement of team KPIs influence individual bonus, share benefits and salary in the performance management system. As a result, individual contributions are given due recognition rather than provided assessments being dominant within the process for performance evaluation (See Section 6.1). Moreover, considering the cultural differences between China and Ghana, Huawei also emphasizes localization in its subsidiaries overseas within guideline on the proportion of local employees. But there are, however, still problems and challenges caused by cultural issues for effective performance management in Huawei, especially the lack of intercultural communication between Chinese and African staff members (See Section 6.2).

The second factor relating to the adaptation of performance management in Huawei from China to Ghana is employee empowerment and engagement. It is also closely linked with organisational structure and business strategies of the organisation. As the policies and practices of performance management are decided by the Chinese headquarters and then transferred to subsidiaries overseas as team KPI and individual PBC, employees, especially local employees in Africa have very limited opportunity to be involved in the decision-making and information sharing process. It reduces their motivation and engagement. It also makes employee retention more difficult as local employees tend to feel excluded and to lack a sense of belonging to the organisation. So the improvement of employee empowerment and engagement is another direction for adaptation in Chinese MNCs in Africa from Huawei’s experience (See Section 6.2).

Next, research findings also imply that labour capability in Africa is a key factor which influences the level of localization and adaptation in Huawei’s subsidiaries. If local employees are capable and skillful, they will be allocated more tasks with fewer Chinese expatriate staff involvement. But considering the levels of labour capability in Ghana, Chinese staff members can become frustrated with unevenness of work contribution which results from cross-cultural differences. Furthermore, the organisation hesitates to provide training opportunity to local staff in Africa due to their high turnover and limited loyalty to the subsidiary. With limited opportunities for career development and capability improvement, local employee retention can be more difficult and result in a vicious circle (See Section 6.2).
Another factor is legal and regulation policies. Compared with its subsidiary in the UK, staff members indicate that as the legal systems for localization are more restricted in Europe than in Africa, it deeply influences the adaptation of the organisation besides labour capability. For the share ownership reward policy, the legal requirements and regulation systems in host countries of the subsidiaries may limit Huawei to issue shares to local staff as it is based on the mutual trust between employees and organisations instead of legal and regulation. But to better adapt to local situations, Huawei has reformed its share policy and implemented the Time-based Unit Plan (TUP) with a validity of the share about 5 years. But this policy still needs further promotion in African subsidiaries (See Section 6.2).

In a word, due to the drawbacks of standardisation, adaptation could be observed and perceived as a better way to remedy problems when Chinese MNCs disseminate their performance management practices to Africa considering several factors, such as culture, employee empowerment and engagement, labour capability and legal and regulation systems. However, adaptation is not recognized as the only solution to effective performance management in Chinese MNCs as standardisation has its specific advantages as well. So to draw benefits from both of them, standardisation and adaptation can be mutually complementary and reciprocally supportive to each other. When the headquarters diffuse practices of performance management to subsidiaries in Africa, they need to strike a balance between the standardized system and local contexts in reality. In other words, when Huawei allocates targets to African subsidiaries and assesses their performance through a standardized system with team KPIs and individual PBCs, several factors play crucial roles in the process of diffusion. Those factors include culture, legal and institutional issues, organisational structure and business strategies, timeliness and flexibility of performance targets in job design, employees’ involvement into the decision-making process, teamwork and information sharing, intercultural communication, employees’ capability improvement, long-term and sustainable development for the organisation and local community, employees’ integration and satisfaction and supervisory and executive leadership skills.

As a matter of fact, Chinese MNCs in Africa have both opportunities and challenges for their performance management practices. If they can strike a balance between standardisation of performance management systems and adaptation to practical contexts in African subsidiaries considering certain factors, the dissemination of their IHRM practices may be more effective from China to Africa. Figure 7-1 illustrates the type of balance below.
Figure 7-1: Balance for IHRM Practices in Chinese MNCs in Africa

A Friendly Foe: Standardized performance management systems and processes in the western contexts

IHRM practices in Chinese MNCs in Africa: Standardisation and adaptation

A Way Forward: Adaptation of the standardized systems and processes for performance management in Chinese MNCs to local contexts in their subsidiaries in Africa

Balance between: The standardized systems and processes for performance management in Chinese MNCs considering specific factors in Africa and emerging criteria in their PM system

Source: the author’s own work.
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Appendix One: Questionnaires and Interview Questions

中国跨国公司在非洲的人力资源管理：标准化与适应化

Reassessing the Practices of IHRM in Chinese MNCs in Africa: Standardisation and Localisation

Case Study of Huawei: Headquarters in Shenzhen, China and Subsidiaries in Accra, Ghana

案例研究：华为，加纳阿克拉分公司与中国深圳总公司

Section One: Questionnaires

第一部分：调研问卷

Details of respondents of questionnaire:
基本信息:
1. Gender 性别:
   Male 男____
   Female 女____
2. The name of your organisation or subsidiary 公司名称: ______
3. Nationality 国籍: ______
4. How long have you worked in your organisation 就职时间: ______
5. Your final education degree 学历: ______
6. In which position do you work 就职部门
   Finance 金融____
   IT/IS 计算机____
   Admin/Clerical 管理/客户____
   Technical/Media 技术/媒体____
   Operations 项目执行____
   Sales/Marketing 销售/市场____
   Other 其他____

Date 日期: ______

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Please indicate the extent of your agreement or disagreement with the following statements from your working experience in your organisations.

根据您在本公司的工作经验，结合您的自身情况，您是否赞同以下陈述。

<table>
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<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<tbody>
<tr>
<td>1</td>
<td>Strongly disagree</td>
<td>Disagree</td>
<td>Neither agree or disagree</td>
<td>Agree</td>
<td>Strongly Agree</td>
</tr>
<tr>
<td></td>
<td>非常不赞同</td>
<td>不赞同</td>
<td>既不赞同也不不赞同（中立）</td>
<td>赞同</td>
<td>非常赞同</td>
</tr>
<tr>
<td>No.</td>
<td>Question</td>
<td>Strongly disagree</td>
<td>Disagree</td>
<td>Neither disagree or agree</td>
<td>Agree</td>
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<tr>
<td></td>
<td>Recruitement and Training  招聘与培训</td>
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</tr>
<tr>
<td>1.</td>
<td>The recruitment policies and practices are fair and transparent to me.</td>
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<td></td>
<td></td>
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<tr>
<td>2.</td>
<td>I was recruited in the subsidiaries in Ghana under the influence of headquarters in China.</td>
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<tr>
<td>3.</td>
<td>I have accepted training and development programs in Huawei. (If not, please go directly to Question No. 9)</td>
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<td>4.</td>
<td>I have accepted training and development programs in the subsidiary in Ghana.</td>
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<tr>
<td>5.</td>
<td>I have accepted training and development programs in</td>
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<td></td>
<td>Chinese headquarters of Huawei. 我在华为中国总部接受过培训。</td>
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<tr>
<td>6.</td>
<td>I have accepted training and development programs in Huawei University. 我在华为大学接受过培训。</td>
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<tr>
<td>7.</td>
<td>I find the training and development programs are helpful to my work here. 我认为公司的培训与发展计划对我的工作有帮助。</td>
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<tr>
<td>8.</td>
<td>My training programs in the subsidiary in Ghana are influenced by the headquarters in China. 我在加纳子公司的培训与发展项目，受到中国总公司的影响。</td>
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<tr>
<td>9.</td>
<td>I am influenced by the local law and regulation in Ghana when I am working in the company. 我在加纳的本公司工作，当地法律法规对我有影响。</td>
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<tr>
<td>10.</td>
<td>When I work in the subsidiaries in Ghana, the law and regulation of Chinese headquarters influence my work.</td>
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<tr>
<td>11.</td>
<td>I can feel the influence of Chinese culture in the subsidiaries in Ghana here. 我能够感受到中国文化对加纳分公司的影响。</td>
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<tr>
<td>12.</td>
<td>I can feel the differences of recruitment and training between my organisation, a Chinese multinational corporation and other local companies in Ghana. 我能感觉到我的公司是一家中国的跨国公司，因此在招聘与培训方面跟其他加纳本土公司不同。</td>
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**Policies and Practices of Performance (Salary/Reward) Management 绩效薪酬管理**

| 13. | The policies and practices performance management are fair and transparent to me. 公司的绩效考核工作对我而言公正公平并且透明。 |
| 14. | I have experienced position-rotation (change my position) in Huawei. 我在华为有过岗位轮换的经 |
15. I have stock share of Huawei.
我在华为有股权。

16. I know the key performance indicator (KPI) system of performance management in Huawei. 我了解华为绩效管理中的关键绩效指标体系(KPI)。

17. I know the greyscale management/culture in Huawei. 我了解华为的灰度管理/文化。

18. I find the salary and reward system motivates my work here.
我认为公司的奖金以及薪酬是我在此工作的动力。

19. I have been promoted in Huawei. 我在华为有过升职的经历。

20. I am influenced by the local law and regulation in Ghana when I earn salary or reward in the company.
我本公司赚取工资和奖金，加纳的法律法规对我有影响。

21. My salary and reward in the
subsidiaries in Ghana is influenced the headquarters in China.
我在加纳子公司的薪酬与奖金受到中国总部的影响。

22. I can feel the differences in salary and reward system in my organisation as a Chinese Multinational Corporation compared with local companies. 我能感觉到我的公司是一家中国的跨国公司，因此在薪酬以及工资方面跟其他加纳本土公司不同。

Section Two: Questions for semi-structured interviews
第二部分：访谈问题

Details of the participant 基本信息：

1. Date and time 日期及时间：
2. Location (city) 地点（城市名称）：
3. Name of the Organisation/Subsidiary 公司或者分公司名称：
4. Position(s) of participant(s) 职位信息：
5. Nationality of participant(s) 受访者国籍：
6. Observations about the interview setting 访谈环境：
**Interview topics**

The following list provides examples of the types of questions that may be asked during the semi-structured interviews. The wording, structure and selection of the following questions will be adjusted in the light of findings from questionnaire data and according to the specific context as appropriate for each interview.

**A. Interviews with Chinese expatriate employees in the subsidiaries of Huawei in Accra, Ghana**

华为加纳，阿克拉分公司中国员工访谈

1. How did Huawei encourage you to come to work in the subsidiary in Ghana? Before you come there, was there any training from Huawei for the new context? If yes, please specify. 为什么选择华为的加纳分公司工作？在您来此工作之前，有接受华为的任何培训项目吗？

2. Do you have specific recruitment programmes for employees to work in Ghana? If you have, what is the difference from the general one? 针对在加纳工作的员工，华为有单独的招聘项目吗？该招聘项目与一般的招聘有何异同？

3. If you have experienced position rotation in Huawei, could you please talk about it with details? What are the positive or negative impacts of position rotation on you? If you have not experienced it, do you have any plan on it? 如果您在华为有过岗位轮换的经历，能否详细地谈谈呢？岗位轮换为您带来了哪些积极或者消极的影响呢？如果您没有经历过岗位轮换，您是否有这个打算呢？

4. If you have been promoted in Huawei, could you please talk about it with details? What are the positive or negative impacts of promotion on you? If you have not experienced it, do you have any plan on it? 您在华为有过升职的经历吗？能否详细地谈谈吗？如果您没有经历过升职，您是否有这个打算呢？

5. Do you think the salary/reward in Huawei is enough to motivate you to work here? If yes, could you please give more details? If not, what else motivates you to work here? 您觉得华为的薪水和奖金是您在这里工作的动力吗？如果是，能详细地谈谈吗？如果不是，还有哪些其他因素鼓励您在此工作呢？
6. Are you involved in the decision-making process of Huawei here? If yes, could you please give some details? If not, why and do you want to get involved in the decision-making process?

您在华为参与企业决策吗？如果参与，是何种形式的呢？如果不参与，为什么呢？您有意愿参与到公司的企业决策中吗？

7. Do you know the key performance indicator (KPI) system of performance management in Huawei? If yes, what do you think about it? If not, what is the performance (salary/reward) system in Huawei based on your experience?

您了解华为绩效管理中的关键绩效指标体系（KPI）吗？如果了解，能详细地谈谈吗？如果不了解，那么依据您的经历，华为的绩效与工资管理体系是什么呢？

8. Have you heard about ‘greyscale management’ in Huawei? What is your understanding about it based on your experience here?

您听说过华为的灰度管理理念吗？结合您在此的工作经验，您是如何理解的呢？

9. What are the main factors influencing your work and effectiveness in the company? Are there any differences of the factors comparing headquarters in China and subsidiaries in Ghana? What accounts for the differences?

您认为哪些因素影响您在华为的工作以及效率？请分别就中国总部和加纳分部谈谈您的理解，并阐述一下异同以及原因。

10. How does culture influence your work here? What are the main differences between Chinese Confucian culture, with reference to hierarchy, perseverance or thrift and African post-colonial one in the process of your work here?

您觉得文化您在华为的工作吗？例如中国的儒家文化，或者非洲的殖民文化？

11. Can you feel the compromise/generosity/openness environment in Huawei to deal with the relationship between employees? If you can, is it suitable to the local contexts in Ghana? If you cannot, what is the environment you feel in Huawei here?

在处理员工关系时，您感觉到华为的包容，妥协和开放吗？如果能，您觉得这些适合加纳的本地文化吗？如果不能，那您觉得加纳的华为如何处理同事关系呢？

12. How does public law and regulation influence your work in Huawei? What is the main difference between headquarters in China and subsidiaries in Ghana from this perspective?

您觉得政策法规影响您在华为的工作吗？中国的总部与加纳的分部有何异同呢？

13. How is Huawei, as a private-owned Chinese MNCs, different from the Chinese or African State-owned Enterprises, especially about the policies and practices of recruitment, training
and salary?  

14. Do you consider that the organisational structure of Huawei is relatively flat or hierarchical? Is the relationship between headquarters and subsidiaries of Huawei, relatively close or flexible? How does it influence your work in your subsidiary in Ghana? 您觉得华为的企业结构等级性很明显吗? 总部与分部是何种关系呢? 是灵活性比较强,还是对总部依附性比较大? 这又如何影响您在华为加纳分公司的工作呢?

15. Is the salary at the same level in headquarters in China and subsidiaries in Ghana? If it is not, what are the reasons? What is the extent of the difference? 中国总公司与加纳分公司的薪酬水平是否相同? 如果不同,原因何在? 不同在何处?

16. Is the salary at the same level between your company and other local companies in Accra? If it is not, what are the reasons? What is the extent of the difference? 与加纳的其他本地公司相比较，华为的薪水如何? 如果不同，原因何在？不同在何处?

17. Do you have any cooperation with local organisations in Accra? How does your company deal with the relationship with local people? Do you think you have some policies for interaction with the local community? 贵公司与阿克拉的本地企业有何合作项目吗? 作为外企，贵公司如何处理与当地居民的关系呢? 为融入当地环境，贵公司有何政策呢?

18. Do you have any cooperation with other organisations? Both private and public? What is the opinion of your organisation on Corporate Social Responsibility (CSR) and international reputation of Chinese MNCs in the global context? 华为与其他公有或者私有组织有何合作项目呢？贵公司如何看待企业的社会责任这一问题? 作为走入国际市场的中国跨国公司, 华为如何看待国际声望这一概念的呢?

**B: Interviews with non-Chinese employees in the subsidiaries of Huawei in Accra, Ghana.**

19. How did Huawei encourage you to come to work in the subsidiary in Ghana? Why do you decide to work here?

20. How were you recruited in the subsidiary in Accra here? Have you received any training for your job in Huawei?

21. In the process of your work, are you influenced by the strategies or policies in Chinese headquarters?
22. If you have experienced position rotation in Huawei, could you please talk about it with
details? What are the positive or negative impacts of position rotation on you? If you have not
experienced it, do you have any plan on it?

23. Do you think the salary/reward in Huawei is enough to motivate you to work here? If yes,
could you please give more details? If not, what else motivates you to work here?

24. If you have been promoted in Huawei, could you please talk about it with details? What are
the positive or negative impacts of promotion on you? If you have not experienced it, do you
have any plan on it?

25. Are you involved in the decision-making process of Huawei here? If yes, could you please
give some details? If not, why and do you want to get involved in the decision-making process?

26. Do you know the key performance indicator (KPI) system of performance management in
Huawei? If yes, what do you think about it? If not, what is the performance (salary/reward)
system in Huawei based on your experience?

27. Have you heard about ‘greyscale management’ in Huawei? What is your understanding
about it based on your experience here?

28. What are the main factors influencing your work and effectiveness in your company?

29. How does culture influence your work here? How do you deal with the relationship among the
diversified employees in the subsidiary?

30. Can you feel the compromise/generosity/openness environment in Huawei to deal with the
relationship between employees? If you can, is it suitable to the local contexts in Ghana? If
you cannot, what is the environment you feel in Huawei here?

31. Do you think public law and regulation influence your work in the company? Why or why
not?

32. How is Huawei, as a private-owned Chinese MNCs, different from the Chinese or African
State-owned Enterprises, especially about the policies and practices of recruitment, training
and salary system?

33. Do you consider the organisational structure of Huawei is relatively flat or hierarchical? Is the
relationship between headquarters and subsidiaries of Huawei, relatively close or flexible?
How does it influence your work in the subsidiary in Ghana?
34. Is the salary at the same level comparing your company and other local companies in Accra? If it is not, what are the reasons? What is the extent of the difference?

35. Do you have any cooperation with local organisations in Accra? How does your company deal with the relationship with local people? Do you think you have some policies for interaction with the local community?

36. Do you have any cooperation with other organisations? Both private and public? What is the opinion of your organisation on Corporate Social Responsibility (CSR) and international reputation of Chinese MNCs in the global context?
Reassessing the Practices of IHRM in Chinese MNCs in Africa: Standardisation and Localisation

中国跨国公司在非洲的人力资源管理：标准化与适应化

Case Study of Huawei: Headquarters in Shenzhen, China and Subsidiaries in Accra, Ghana

案例研究：华为，加纳阿克拉分公司与中国深圳总公司

Section One: Questionnaires

第一部分：调研问卷

Details of respondents of questionnaire:

基本信息：
1. Gender 性别:
   Male 男 _____
   Female 女 _____
2. The name of your organisation or subsidiary 公司名称: _____
3. Nationality 国籍: ______
4. How long have you worked in your organisation 就职时间: ______
5. Your final education degree 学历: ______
6. In which position do you work 就职部门
   - Finance 金融_____
   - IT/IS 计算机_____
   - Admin/Clerical 管理/客户_____
   - Technical/Media 技术/媒体_____
   - Operations 项目执行_____
   - Sales/Marketing 销售/市场_____
   - Other 其他_____

Date 日期: ______
Please indicate the extent of your agreement or disagreement with the following statements from your working experience in your organisations.

根据您在本公司的工作经验，结合您的自身情况，您是否赞同以下陈述。

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<tr>
<td>1</td>
<td>Strongly disagree</td>
<td>Disagree</td>
<td>Neither agree or disagree</td>
<td>Agree</td>
<td>Strongly Agree</td>
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<td></td>
<td>非常不赞同</td>
<td>不赞同</td>
<td>既不赞同也不不赞同（中立）</td>
<td>赞同</td>
<td>非常赞同</td>
</tr>
<tr>
<td>No.</td>
<td>Question</td>
<td>Strongly disagree</td>
<td>Disagree</td>
<td>Neither disagree or agree</td>
<td>Agree</td>
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Recruitment and Training  招聘与培训

1. The recruitment policies and practices are fair and transparent to me. 公司的招聘选人工作对我而言公正并且透明。

2. I was recruited in the subsidiaries in Ghana under the influence of headquarters in China. 加纳子公司招聘我在此工作受到中国总部的影响。

3. I was influenced by the local law and regulation when I recruit new employees in Ghana. 我在加纳招聘新员工时，加纳当地法律法规对我有影响。

4. I was influenced by Chinese law and regulation when I recruit new employees in Ghana. 我在加纳招聘新员工时，中
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<td>5.</td>
<td>I was influenced by the recruitment policies in Chinese headquarters when I recruit new employees in Ghana.</td>
<td>我在加纳招聘新员工时，中国总部的招聘政策对我有影响。</td>
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<td>6.</td>
<td>I have accepted training and development programs in the company. (If not, please go directly to Question No. 14)</td>
<td>我在公司接受过培训。（如果没有接受过培训，请直接回答第 14 题）。</td>
</tr>
<tr>
<td>7.</td>
<td>I have accepted training and development programs in the subsidiary in Ghana.</td>
<td>我在加纳分公司接受过培训。</td>
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<tr>
<td>8.</td>
<td>I have accepted training and development programs in Chinese headquarters of Huawei.</td>
<td>我在华为中国总部接受过培训。</td>
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<tr>
<td>9.</td>
<td>I have accepted training and development programs in Huawei University.</td>
<td>我在华为大学接受过培训。</td>
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<td>10.</td>
<td>I find the training and development programs are</td>
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<td><strong>helpful to my work here.</strong></td>
<td>我认为公司的培训与发展计划对我的工作有帮助。</td>
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<td><strong>11.</strong></td>
<td>I find the training and development programmes are helpful to the employees here. \n</td>
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<td><strong>12.</strong></td>
<td>When I accept training programs in the subsidiary in Ghana, I am influenced by the Chinese headquarters. \n</td>
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<td><strong>13.</strong></td>
<td>When I implement training programmes in Ghana, I am influenced by Chinese headquarters. 当我在加纳对员工进行培训时，受到中国总公司的影响。</td>
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<td><strong>14.</strong></td>
<td>I am influenced by the local law and regulation in Ghana when I am working in the company. \n</td>
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<td><strong>15.</strong></td>
<td>When I work in the subsidiaries in Ghana, the law and regulation of Chinese</td>
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headquarters influence my work.
我在加纳子公司工作，中国总部的法律法规对我有影响。

16. I can feel the influence of Chinese culture in the subsidiaries in Ghana here. 我能够感受到中国文化对加纳分公司的影响。

17. I can feel the differences of recruitment and training between my organisation, a Chinese multinational corporation and other local companies in Ghana. 我能感觉到我的公司是一家中国的跨国公司，因此在招聘与培训方面跟其他加纳本土公司不同。

**Policies and Practices of Performance (Salary/Reward) Management 绩效薪酬管理**

18. The policies and practices Performance management are fair and transparent to me. 公司的绩效考核工作对我而言公正公平并且透明。

19. I have experienced position-rotation (change my position) in Huawei.
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| 20. | I have stock share of Huawei.  
我在华为有股权。 |
| 21. | I know the key performance indicator (KPI) system of performance management in Huawei.  
我了解华为绩效管理中的关键绩效指标体系（KPI）。 |
| 22. | I know the greyscale management/culture in Huawei.  
我了解华为的灰度管理/文化。 |
| 23. | I find the salary and reward system motivates my work here.  
我认为公司的奖金以及薪酬是我在此工作的动力。 |
| 24. | I find the salary and reward system is effective to motivate employees here.  
我认为公司的奖金以及薪酬制度有效地鼓励了员工在此工作。 |
| 25. | I have been promoted in Huawei.  
我在华为有过升职的经历。 |
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<tr>
<td><strong>26.</strong></td>
<td>I am influenced by the local law and regulation in Ghana when I earn salary or reward in the company. 我本公司赚取工资和奖金，加纳的法律法规对我有影响。</td>
<td></td>
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<tr>
<td><strong>27.</strong></td>
<td>My salary and reward in the subsidiaries in Ghana is influenced the headquarters in China. 我在加纳子公司的薪酬与奖金受到中国了总部的影响。</td>
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<tr>
<td><strong>28.</strong></td>
<td>When I implement performance management in the subsidiaries in Ghana, I will consider the influence of local contexts, such as local law, regulation, business environment and culture. 当我在加纳分公司进行绩效管理时，我会考虑一些当地因素的影响，例如当地的法律法规，商业环境和文化。</td>
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<tr>
<td><strong>29.</strong></td>
<td>When I implement performance management in the subsidiaries in Ghana, I will consider the influence of Chinese headquarters, such as Chinese law, regulation, business environment and culture in China. 当我在加纳</td>
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分公司进行绩效管理时，我会考虑一些中国总部的影响，例如中国的法律法规、商业环境和中国文化。

30. I can feel the differences in salary and reward system in my organisation as a Chinese Multinational Corporation compared with local companies. 我能感觉到我的公司是一家中国的跨国公司，因此在薪酬以及工资方面跟其他加纳本土公司不同。

Section Two: Questions for semi-structured interviews

第二部分：访谈问题

Details of the participant 基本信息:

7. Date and time 日期及时间:

8. Location (city) 地点（城市名称）:

9. Name of the Organisation/Subsidiary 公司或者分公司名称:

10. Position(s) of participant(s) 职位信息:

11. Nationality of participant (s) 受访者国籍:

12. Observations about the interview setting 访谈环境:
**Interview topics**

The following list provides examples of the types of questions that may be asked during the semi-structured interviews. The wording, structure and selection of the following questions will be adjusted in the light of findings from questionnaire data and according to the specific context as appropriate for each interview.

**A. Interviews with Chinese expatriate employees in the subsidiaries of Huawei in Accra, Ghana**

华华为加纳，阿克拉分公司中国员工访谈

37. How did Huawei encourage you to come to work in the subsidiary in Ghana? Before you come there, was there any training from Huawei for the new context? If yes, please specify. 为什么选择华为的加纳分公司工作？在您来此工作之前，有接受华为的任何培训项目吗？

38. Do you have specific recruitment programmes for employees to work in Ghana? If you have, what is the difference from the general one? 针对在加纳工作的员工，华为有单独的招聘项目吗？该招聘项目与一般的招聘有何异同？

39. If you have experienced position rotation in Huawei, could you please talk about it with details? What are the positive or negative impacts of position rotation on you? If you have not experienced it, do you have any plan on it? 如果您在华为有过岗位轮换的经历，能否详细地谈谈呢？岗位轮换为您带来了哪些积极或者消极的影响呢？如果您没有经历过岗位轮换，您是否有这个打算呢？

40. If you have been promoted in Huawei, could you please talk about it with details? What are the positive or negative impacts of promotion on you? If you have not experienced it, do you have any plan on it? 您在华为有过升职的经历吗？能否详细地谈谈吗？如果您没有经历过升职，您是否有这个打算呢？

41. Do you think the salary/reward in Huawei is enough to motivate you to work here? If yes, could you please give more details? If not, what else motivates you to work here? 您觉得华为的薪水和奖金是您在这里工作的动力吗？如果是，能详细地谈谈吗？如果不是，还有哪些其他因素鼓励您在此工作呢？

42. Are you involved in the decision-making process of Huawei here? If yes, could you please give some details? If not, why and do you want to get involved in the decision-making process?
您在华为参与企业决策吗？如果参与，是何种形式的呢？如果不参与，为什么呢？您有意愿参与到公司的企业决策中吗？

43. Do you know the key performance indicator (KPI) system of performance management in Huawei? If yes, what do you think about it? If not, what is the performance (salary/reward) system in Huawei based on your experience? 您了解华为绩效管理中的关键绩效指标体系(KPI)吗？如果了解，能详细地谈谈吗？如果不了解，那么依据您的经历，华为的绩效与工资管理体系是什么呢？

44. Have you heard about ‘greyscale management’ in Huawei? What is your understanding about it based on your experience here? How does it influence HR management in Huawei? 您听说过华为的灰度管理理念吗？结合您在此的工作经验，您是如何理解的呢？灰度管理如何影响华为的人力资源管理的呢？

45. Are the HR policies and practices in your company same or different in the headquarters in China and subsidiaries in Ghana? If it is the same, please give examples. If it is different, what are they, especially the performance management? 在人力资源管理过程中，中国的总公司与加纳的分公司有何异同？能特别谈谈绩效管理这个方面吗？

46. What are the main factors influencing policies and practices of IHRM (International Human Resource Management) in your company? Are there any differences of the factors comparing headquarters in China and subsidiaries in Ghana? What accounts for the differences? 您认为哪些因素影响贵公司国际人力资源管理的有效性？请分别就中国总部和加纳分部谈谈您的理解，并阐述一下异同以及原因。

47. How does culture influence the IHRM policies and practices? What are the main differences between Chinese Confucian culture, with reference to hierarchy, perseverance or thrift and African post-colonial one in the HR management? 您觉得文化影响贵公司的人力资源管理政策与执行吗？例如中国的儒家文化，或者非洲的殖民文化？

48. Can you feel the compromise/generosity/openness environment in Huawei in the process of HR management? If you can, is it suitable to the local contexts in Ghana? If you cannot, what is the environment you feel in Huawei here? 在人力资源管理过程中时，您能感觉到华为的包容，妥协和开放吗？如果能，您觉得这些适合加纳的本地文化吗？如果不能，那您觉得加纳的华为如何处理同事关系呢。
49. How does public law and regulation influence the recruitment, training and salary policies and practices in Huawei? What is the main difference between headquarters in China and subsidiaries in Ghana from this perspective? 您觉得政策法规影响贵公司的国际人力资源管理吗？中国的总部与加纳的分部有何异同呢？

50. What is the relationship between organisational strategy and HR management in Huawei? Does the business strategy influence employee recruitment, training, salary or reward system here? If yes, could you please give more details? If not, why and what influence employee recruitment, training, salary or reward system here? 华为的人力资源管理与企业的战略是否相互影响呢？如果是，企业的战略如何影响员工的选拔，培训和绩效考核呢？如果不是，为什么呢？哪些因素影响华为的员工选拔，培训和绩效考核呢？

51. How is Huawei, as a private-owned Chinese MNCs, different from the Chinese or African State-owned Enterprises, especially about the policies and practices of recruitment, training and salary? 华为作为一家私有制跨国公司，与中国的其他国有制跨国公司相比较，在人力资源管理方面，有何异同？

52. Do you consider that the organisational structure of Huawei is relatively flat or hierarchical? Is the relationship between headquarters and subsidiaries of Huawei, relatively close or flexible? How does it influence the IHRM policies and practices in your subsidiary in Ghana? 您觉得华为的企业结构等级性很明显吗？总部与分部是何种关系呢？灵活性比较强，还是对总部依附性比较大？这又如何影响加纳分公司的人力资源管理呢？

53. Is the salary at the same level in headquarters in China and subsidiaries in Ghana? If it is not, what are the reasons? What is the extent of the difference? 中国总公司与加纳分公司的薪酬水平是否相同？如果不同，原因何在？不同在何处？

54. Is the salary at the same level between your company and other local companies in Accra? If it is not, what are the reasons? What is the extent of the difference? 与加纳的其他本地公司相比较，华为的薪水如何？如果不同，原因何在？不同在何处？

55. Do you have any cooperation with local organisations in Accra? How does your company deal with the relationship with local people? Do you think you have some policies for interaction with the local community? 贵公司与阿克拉的本地企业有何合作项目吗？作为外企，贵公司如何处理与当地居民的关系呢？为融入当地环境，贵公司有何政策呢？
56. Do you have any cooperation with other organisations? Both private and public? What is the opinion of your organisation on Corporate Social Responsibility (CSR) and international reputation of Chinese MNCs in the global context? 华为与其他公有或者私有组织有何合作项目呢？贵公司如何看待企业的社会责任这一问题？作为走入国际市场的中国跨国公司，华为如何看待国际声望这一概念的呢？

B: Interviews with non-Chinese employees in the subsidiaries of Huawei in Accra, Ghana.

1. How did Huawei encourage you to come to work in the subsidiary in Ghana? Why do you decide to work here?

2. How were you recruited in the subsidiary in Accra here? Have you received any training for your job in Huawei?

3. In the process of your work, are you influenced by the strategies or policies in Chinese headquarters?

4. If you have experienced position rotation in Huawei, could you please talk about it with details? What are the positive or negative impacts of position rotation on you? If you have not experienced it, do you have any plan on it?

5. Do you think the salary/reward in Huawei is enough to motivate you to work here? If yes, could you please give more details? If not, what else motivates you to work here?

6. If you have been promoted in Huawei, could you please talk about it with details? What are the positive or negative impacts of promotion on you? If you have not experienced it, do you have any plan on it?

7. Are you involved in the decision-making process of Huawei here? If yes, could you please give some details? If not, why and do you want to get involved in the decision-making process?

8. Do you know the key performance indicator (KPI) system of performance management in Huawei? If yes, what do you think about it? If not, what is the performance (salary/reward) system in Huawei based on your experience?

9. Have you heard about ‘greyscale management’ in Huawei? What is your understanding about it based on your experience here? How does it influence HR management here?
10. What are the main factors influencing policies and practices of recruitment, training or salary system in your company? Are there any differences of the factors between headquarters in China and subsidiaries in Ghana? What accounts for the differences?

11. How does culture influence your work here? How do you deal with the relationship among the diversified employees in the subsidiary?

12. Can you feel the compromise/generosity/openness environment in Huawei in the process of HR management? If you can, is it suitable to the local contexts in Ghana? If you cannot, what is the environment you feel in Huawei here?

13. Do you think public law and regulation influence the recruitment, training and salary strategies and policies in your company? Why or why not?

14. What is the relationship between organisational strategy and HR management in Huawei? Does the business strategy influence employee recruitment, training, salary or reward system here? If yes, could you please give more details? If not, why and what influence employee recruitment, training, salary or reward system here?

15. How is Huawei, as a private-owned Chinese MNCs, different from the Chinese or African State-owned Enterprises, especially about the policies and practices of recruitment, training and salary system?

16. Do you consider the organisational structure of Huawei is relatively flat or hierarchical? Is the relationship between headquarters and subsidiaries of Huawei, relatively close or flexible? How does it influence the policies and practices of recruitment, training and salary system in your subsidiary in Ghana?

17. Is the salary at the same level comparing your company and other local companies in Accra? If it is not, what are the reasons? What is the extent of the difference?

18. How do policies or practices in Huawei motivate you to work here? Are you satisfied with the salary or reward here?

19. Do you have any cooperation with local organisations in Accra? How does your company deal with the relationship with local people? Do you think you have some policies for interaction with the local community?

20. Do you have any cooperation with other organisations? Both private and public? What is the opinion of your organisation on Corporate Social Responsibility (CSR) and international reputation of Chinese MNCs in the global context?
A. Interviews with government representatives / Staff member in international agencies 政府代表以及国际组织代表访谈

1. What are the relationship and cooperation of your organisation with Chinese Multinational Corporations (Huawei) here? 贵公司与中国的跨国公司，如华为，是何种合作关系呢？

2. What are your opinions on the policies and practices of human resource management in Chinese Multinational Corporations (Huawei)? 您对中国跨国公司的人力资源管理政策与执行如何看待？

3. What is the communication between your organisation and Chinese MNCs (Huawei)? Frequently or less? What are the main channels of your organisation to communicate with Huawei? 贵公司与中国的跨国公司是如何交流合作的呢？频率如何？主要渠道有哪些？

4. What are the governmental policies and regulation on Chinese MNCs (Huawei)? Are they similar to other companies, such as the SOEs or local companies? If not, what are the differences and why? 政府对中国的跨国公司主要有何政策？与国有企业和当地企业相比，政策有何异同？能否说明原因？

5. Do you think Chinese Confucius culture such as hierarchy, perseverance or thrift influence their HR policies and practices in Chinese MNCs (Huawei) on their international operation? If it does, could you please give some reasons and explanations? 您觉得中国的传统文化，如儒家文化，是否影响其跨国公司的人力资源管理呢？如果是，能否详细说明原因呢？

6. What is your opinion about the relationship between organisational strategy and human resource management? What is the impact of business strategy on the international human resource management in multinational corporations? 您觉得企业的战略与人力资源管理两者之间是什么关系呢？跨国公司的战略如何影响其国际人力资源管理呢？

7. Do you think Chinese multinational corporations are characterized by compromise/generosity/openness? Why or why not? 您觉得中国的跨国公司是包容，妥协和开放的吗？能否说明原因？

8. What is your opinion on the organisational innovation and professionalism of Chinese Multinational Corporations compared with their counterparts in other countries, such as Europe, North America, Asia and Africa? What are the similarities and differences? 您觉得
与欧洲、北美、亚洲或者非洲的跨国公司相比，中国的跨国公司在企业创新与专业化方面发展的怎么样？有何异同？

9. Does your organisation have any plan to cooperate with Huawei in future? If it does, could you please give more details? 贵公司在未来是否有与华为合作的计划或者意向？能否详细说明？

10. To improve the effectiveness of IHRM in Chinese MNCs, such as Huawei, what is your suggestion? Both for the MNCs themselves and other organisations, such as the government, Non-governmental Organisations (NGOs), etc.? 为了提高中国跨国公司，如华为，国际人力资源管理的有效性，您有何建议？可以从跨国公司的角度，还有其他组织，如政府，或者非政府组织的角度分别谈谈吗？

B. Interviews with academics or experts in Higher Education Organisations 高等学校代表访谈

11. What are the relationship and cooperation of your organisation with Chinese Multinational Corporations (Huawei) here? 贵公司与中国的跨国公司，如华为，是何种合作关系呢？

12. Based on your academic research experience, what are your opinions on the policies and practices of human resource management in Chinese Multinational Corporations (Huawei)? 结合您的学术研究经验，您对中国跨国公司，尤其是华为的人力资源管理政策与执行如何看待？

13. What is the communication between your organisation and Chinese MNCs (Huawei)? Frequently or less? What are the main channels of your organisation to communicate with Huawei? 贵公司与中国的跨国公司是如何交流合作的呢？频率如何？主要渠道有哪些？

14. Do you think Chinese Confucius culture such as hierarchy, perseverance or thrift influence their HR policies and practices in Chinese MNCs (Huawei) on their international operation? If it does, could you please give some reasons and explanations? 您觉得中国的传统文化，如儒家文化，是否影响其跨国公司的人力资源管理呢？如果是，能否详细说明原因呢？

15. What is your opinion about the relationship between organisational strategy and human resource management? What is the impact of business strategy on the international human resource management in multinational corporations? 您觉得企业的战略与人力资源管理两者之间是什么关系呢？跨国公司的战略如何影响其国际人力资源管理呢？
16. Do you think Chinese multinational corporations are characterized by compromise/generosity/openness? Why or why not? 您觉得中国的跨国公司是包容，妥协和开放的吗？能否说明原因？

17. What is your opinion on the organisational innovation and professionalism of Chinese Multinational Corporations compared with their counterparts in other countries, such as Europe, North America, Asia and Africa? What are the similarities and differences? 您觉得与欧洲，北美，亚洲或者非洲的跨国公司相比，中国的跨国公司在企业创新与专业化方面发展的怎么样？有何异同？

18. Does your organisation have any plan to cooperate with Huawei in future? If it does, could you please give more details? 贵公司在未来是否有与华为合作的计划或者意向？能否详细说明？

19. To improve the effectiveness of IHRM in Chinese MNCs, such as Huawei, what is your suggestion? Both for the MNCs themselves and other organisations, such as the government, Non-governmental Organisations (NGOs), etc.? 为了提高中国跨国公司，如华为，国际人力资源管理的有效性，您有何建议？可以从跨国公司的角度，还有其他组织，如政府，或者非政府组织的角度分别谈谈吗？
Appendix Two: Translation Check for Random Questionnaire and Interview Transcripts

I. Translation check for Random Questionnaire

Reassessing the Practices of IHRM in Chinese MNCs in Africa: Standardisation and Adaptation

中国跨国公司在非洲的人力资源管理: 标准化与适应化

Case Study of Huawei: Headquarters in Shenzhen, China and Subsidiaries in Accra, Ghana

案例研究: 华为，加纳阿克拉分公司与中国深圳总公司

Section One: Questionnaires

第一部分: 调研问卷

Details of respondents of questionnaire:
基本信息:
1. Gender 性别:
   Male 男_____
   Female 女_____
2. The name of your organisation or subsidiary 公司名称: ______
3. Nationality 国籍: ______
4. How long have you worked in your organisation 就职时间: ______
5. Your final education degree 学历: ______
6. In which position do you work 就职部门
   Finance 金融_____
   IT/IS 计算机_____
   Admin/Clerical 管理/客户_____
   Technical/Media 技术/媒体_____
   Operations 项目执行_____
   Sales/Marketing 销售/市场_____
   Other 其他_____

Date 日期
Please indicate the extent of your agreement or disagreement with the following statements from your working experience in your organisations.

根据您在本公司的工作经验，结合您的自身情况，您是否赞同以下陈述。

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<td>Strongly disagree</td>
<td>Disagree</td>
<td>Neither agree or disagree</td>
<td>Agree</td>
<td>Strongly Agree</td>
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<td>非常不赞同</td>
<td>不赞同</td>
<td>既不赞同也不不赞同（中立）</td>
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<td>No.</td>
<td>Question</td>
<td>Strongly disagree</td>
<td>Disagree</td>
<td>Neither disagree or agree</td>
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<td>非常不赞同</td>
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<td>1.</td>
<td>The recruitment policies and practices are fair and transparent to me.</td>
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<td></td>
<td>招聘政策和措施对我来说是公平透明的。</td>
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<td>2.</td>
<td>I was recruited in the subsidiaries in Ghana under the influence of headquarters in China.</td>
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<td></td>
<td>我是被加纳分公司聘用的，分公司是受到中国总部的影响的。</td>
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<td>3.</td>
<td>I was influenced by the local law and regulation when I recruit new employees in Ghana.</td>
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<td>当我在加纳招聘新员工时，我受到当地法律法规的影响。</td>
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<td>4.</td>
<td>I was influenced by Chinese law and regulation when I recruit new employees in Ghana.</td>
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<td></td>
<td>当我在加纳招聘新员工时，我受到中国法律法规的影响。</td>
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<td>5.</td>
<td>I was influenced by the recruitment policies in Chinese headquarters when I recruit new employees in Ghana. 当我在加纳招聘新员工时，我受到中国总部招聘政策的影响。</td>
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<td>6.</td>
<td>I have accepted training and development programs in the company. (If not, please go directly to Question No. 14) 我在公司参加过培训和发展项目。</td>
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<td>7.</td>
<td>I have accepted training and development programs in the subsidiary in Ghana. 我在加纳分公司参加过培训发展项目。</td>
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<td>8.</td>
<td>I have accepted training and development programs in Chinese headquarters of Huawei. 我在华为中国总部参加过培训发展项目。</td>
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<td>9.</td>
<td>I have accepted training and development programs in Huawei University. 我在华为大学参加过培训发展项目。</td>
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<td>10.</td>
<td>I find the training and development programs are helpful to my work here. 我觉得培训发展项目对我在</td>
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<td>English</td>
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<td>11.</td>
<td>I find the training and development programmes are helpful to the employees here.</td>
<td>我觉得培训发展项目对这儿的员工有帮助。</td>
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<td>12.</td>
<td>When I accept training programs in the subsidiary in Ghana, I am influenced by the Chinese headquarters.</td>
<td>当我在加纳分公司参加培训项目时，我觉得是被中国总部影响的。</td>
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<td>13.</td>
<td>When I implement training programmes in Ghana, I am influenced by Chinese headquarters.</td>
<td>当我在加纳实施培训时，我觉得是被中国总部影响的。</td>
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<td>14.</td>
<td>I am influenced by the local law and regulation in Ghana when I am working in the company.</td>
<td>当我在公司工作时，我是被加纳当地的法律法规影响的。</td>
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<td>15.</td>
<td>When I work in the subsidiaries in Ghana, the law and regulation of Chinese headquarters influence my work.</td>
<td>当我在加纳分公司工作时，中国总部的法律法规影响我的工作。</td>
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<td>16.</td>
<td>I can feel the influence of Chinese culture in the subsidiaries in Ghana here. 我能感觉到中国文化在加纳分公司的影响。</td>
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<td>17.</td>
<td>I can feel the differences of recruitment and training between my organisation, a Chinese multinational corporation and other local companies in Ghana. 我能感觉到在我的公司，一个中国跨国企业和其他加纳当地的企业中，招聘和培训是有不同的。</td>
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**Policies and Practices of Performance (Salary/Reward) Management** 绩效薪酬管理

<p>| 18. | The policies and practices Performance management are fair and transparent to me. 绩效管理的政策和措施对我来说是公平透明的。 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 19. | I have experienced position-rotation (change my position) in Huawei. 我在华为进行过轮岗。 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 20. | I have stock share of Huawei. 我有华为的股票。 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 21. | I know the key performance indicator (KPI) system of performance management in Huawei. 我知道华为绩效管理中的关键绩效指标。 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |</p>
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| **22.** | I know the greyscale management/culture in Huawei.  
我知道华为的灰度管理/文化。 |
| **23.** | I find the salary and reward system motivates my work here.  
我觉得工资和奖励体系激励了我在这儿的工作。 |
| **24.** | I find the salary and reward system is effective to motivate employees here.  
我觉得工资和奖励体系是有效的,能够激励这儿的员工。 |
| **25.** | I have been promoted in Huawei.  
我在华为升过职。 |
| **26.** | I am influenced by the local law and regulation in Ghana when I earn salary or reward in the company.  
当我挣工资和奖金时，我受到了加纳当地的法律法规的影响。 |
| **27.** | My salary and reward in the subsidiaries in Ghana is influenced the headquarters in China.  
我在加纳分公司的工资和奖金受到中国总部的影响。 |
| **28.** | When I implement performance management in the subsidiaries in Ghana, I  
当我实施绩效管理在加纳的分公司时，我 |
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| 29. | When I implement performance management in the subsidiaries in Ghana, I will consider the influence of Chinese headquarters, such as Chinese law, regulation, business environment and culture in China.  
当我在加纳分公司实施绩效管理时，我会考虑中国总部的影响，比如中国法律，法规，商业环境和文化。 |
| 30. | I can feel the differences in salary and reward system in my organisation as a Chinese Multinational Corporation compared with local companies.  
跟当地企业比，我能感到我这个跨国企业在工资和奖励体系中是有所不同的。 |
II. Translation check for interview transcripts

1. 16/06/2015

Manager of the Supply Chain Department in the Subsidiaries of Huawei, Accra, Ghana,

供应部经理，华为加纳分公司，阿克拉

Mr B (Chinese)

B 先生 （中国人）

Join Huawei since 2006.

2006 加入华为

Experience: Ghana and China.

经历：加纳和中国

1. Why chose Huawei in Ghana:

为什么选择在加纳的华为:

Personal requirement after working two years in the headquarters, to work overseas mainly because of salary incentive.

在总部工作两年后，出于个人要求去海外工作，主要因为薪资。在加纳的沃达丰项目。

2. Training: 培训

Only 20% of training is effective. Theoretical training is not very effective for practical work.

只有 20%的培训是有效的。 理论培训对于实际工作不是很有效。在华为大学，一半中国人，一半外国人。

3. Localisation: 本地化

Supply Chain Department: 4 Chinese, 10 Ghanaians.

供应部门：4 个中国人，10 个加纳人。

320
Salary: depends on the labour capability.

工资：取决于劳动者的能力。

4. Positive attitude to position rotation for better opportunity and improvement

对于轮岗是积极的态度，因为有更好的机会和提高

5. Involvement into the decision-making inside the department.

在部门内参与决策

6. The subsidiaries are deeply influenced by the headquarters (70%, the subsidiaries can decide independently).

分公司受到总部很大的影响（70%，分公司可以自行决定。）

7. Matrix Management is the most important feature. 矩阵式管理是最重要的特点

- Double lines Management: Industry line (行业线) and business line (业务线) integrate and work together to improve employees’ performance.

双线管理：行业线和业务线合并，并一起提高员工绩效。

Industry line focuses on individual’s career development and psychological situation, etc.

行业线关注个人职业发展和心理状态，等。

Business line focuses on the specific business or project, result-oriented and task management.

业务线关注具体的业务或项目，结果导向的和任务管理。

8. Greyscale management: 灰度管理

Compromising and tolerance among different departments to achieve the goals. It is effective especially in the front line.

为达到目标，在不同部门间会妥协容忍。这是有效的，特别是在一线。

9. Performance Management in Huawei: 华为的绩效管理

- At the beginning stage, less procedure management and performance coaching. Not play a very important role in the performance assessment. Now it becomes better and better.
在开始阶段，较少的程序管理和绩效辅导。在绩效评估中没有扮演很重要的角色。现在变得越来越好。

- Procedures: assessment by line managers---higher level managers---HR to monitor/calculate it (such as attendance) in the system.

程序：直线经理考评---高层经理---人力监督/计算（比如出勤）

10. The efficiency and effectiveness of management in Ghana:

在加纳，管理的效率和效能

The contribution of the department to organisational strategies or the result/target achievement.

部门对于组织战略或达标的贡献

11. Cultural differences: 文化区别

Respect to local staff, such as more pressure to Chinese staff compared with local staff.

对当地员工的尊重，比如，与当地员工相比，中国员工感到更多压力。

12. Both local and Chinese legal systems influence the policies and practices in the subsidiaries.

当地和中国法律体系影响分公司的政策与措施

The Chinese legal system influences the financial and accounting policies in the subsidiaries in Ghana, not as stable as some western companies.

中国法律系统影响加纳分公司的财务会计政策，不如某些西方公司稳定。

13. Share and TUP for local staff. 分享和对于本地员工的 TUP

14. Not obvious feeling of hierarchy due to direct communication with upper level managers.

由于和上层经理的直接沟通，没有明显的等级感受。

15. Problems: 问题

- The acknowledgement of Huawei’s organisational culture in Ghana; Solution: improve localisation.

知道华为的企业文化；对策：提高本地化。
• Less standardizing and professional management procedures compared with western companies. A relatively young MNC, established in 1988.

与西方企业比，较少的标准化和专业管理程序。一个较年轻的跨国企业，1988 年成立。

2. 28/07/2015

Accounting and Clearing for the Project Sales Department in the headquarters of Huawei, Shenzhen,

项目部会计和结算，华为总部，深圳

Mr. Li 李先生

Join Huawei since 2007.

2007 年加入


经历：乌干达，布隆迪，加纳，坦桑尼亚，赞比亚和中国

1. Motivation to Africa and work in Huawei. 工作初衷

The organisational requirement and personal development.

组织要求和个人发展

The opportunity for career development in Huawei.

在华为的职业发展机会

2. Performance Management in Africa. 非洲的绩效管理

a) The role of Performance Management is to support daily work.

绩效管理的角色是支持日常工作

b) Target, Plan, Finishing, Reporting and Assessment.

c) The importance of Performance Management 绩效管理的重要性

Clear targets/Structural processes by percentage %/Easy to do assessment
清晰的目标/结构处理 百分比/容易进行评估

d) Key affairs assessment
关键事务评估

e) Result-oriented and very clear 结果导向, 非常清楚
f) Communication: pressure for targets and adjustment. 沟通：目标的压力和调整

g) Only decided and communicate with the project leaders or line managers 只和项目负责人和直线经理沟通并决定

3. Communication with local staff 与本地员工的沟通

Culture and customs. E.G. religion. Uganda, during Ramadan or public holiday, less effective. 文化和风俗。比如宗教信仰，乌干达，在斋月和公众假期，效率低。

4. Training

a) Training for new products operation and technical skills both in headquarters and subsidiaries. 在总部和分公司都进行关于新品运营和技能的培训。

b) Practical training, learning in practice is more effective, such as how to use the performance management system. 实操培训，在实践中学习更有效，比如如何使用绩效管理系统。

c) Psychological training in the Huawei University for organisational culture and other general tenets. 在华为大学的心理培训，关于组织文化和其他守则。

5. Differences among the African subsidiaries 非洲分公司间的区别

Burundi is less developed for infrastructure or education. 布隆迪的基础设施和教育较为落后

Education and language. 教育和语言。

6. The effectiveness of management, Performance incentive. 管理的有效性，绩效奖励

Talent mobility 人才流动性 The career incentive and salary encouragement by rapid promotion to higher positions (leaders for department or chief managers)
7. Position shift: according to the requirement from Mr Li himself. 调岗，根据李先生自己的要求

8. Contribution to local development 对于当地发展的贡献

Give contribution to the infrastructure development, such as the 3-G network with relatively cheaper price, good service even mid-night.

对于基础设施发展的贡献，比如更便宜的3G网络，良好的服务，即便是午夜。

9. The difference to work in the headquarters and African subsidiaries

在总部和非洲分公司工作的区别

The pressure in the subsidiaries is huge. To achieve the target, it is required to work overtime, hardworking and generosity.

在分公司压力很大。为了达到目标，需要加班，工作更努力和大方。

10. The diffusion of policies and strategies from the headquarters to subsidiaries

总部政策战略向分公司的传达

The diffusion is very efficient and effective as one of the most important characteristics of Huawei is efficient implementation under high pressure from the headquarters to subsidiaries. It is result-oriented.

这种传达是很有效的，因为华为最重要的特点之一是有效的执行力，通过总部向分公司施以高压。它是结果导向的。

11. The comparison between European and African market

欧洲与非洲市场的比较

a) The better business environment in European market (higher price).

欧洲市场更好的商业环境 （价格更高）

b) More standardized market in Europe.

欧洲市场更标准化。
Appendix Three: Personal Business Commitments (PBC) Sample of Performance Management in Huawei

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备注：
- 完成：任务完成，可进行下一个阶段。
- 进行中：任务正在执行中，需要继续跟进。
- 未开始：任务还未开始，需进行初期准备。

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