



Organizational Culture and Expatriation Management in China

企业文化与外派员工管理

刘容志 著



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Abstract

The increase of foreign direct investment in China has resulted in the presence of a number of Western expatriates working in Sino-foreign joint ventures. These expatriate managers have to make things work in absolutely new settings. Therefore, without cross-cultural trainings, they may have very stressful experience in China. Understanding of the Chinese culture and Chinese society may ultimately save much frustration and money. With our thesis therefore we would like to explore how companies manage training processes before sending expatriates to China, and prepare them for further knowledge transfer to the employees in China. This has lead us to the following research question: **“How do the Western companie manage process of sending expatriates to China?”**

The research is based on the experiences of three companies; IKEA, Texol Technical Solutions and NCR and demonstrates possible means that can be engaged by the companies to facilitate adjustment processes of their expatriates in China. The empirical data were gathered from interviews with managers from the mentioned companies. In order to analyze our empirical findings we present literature that was structured as follows: training in the international context, training in the Chinese context and communication between expatriate and local employees. Both

the literature review as well as our empirical data with analysis aspire to provide the readers with an in depth study of the importance of the selection of the right candidates and the provision of trainings, as it can help to understand the unique Chinese cultural and business characteristics environment as well as effectively and efficiently to operate in China.

In our conclusions we present our findings regarding the following issues: support for the expatriates; training of the Chinese employees and the importance of communication. Based on our analysis we introduce our recommendations for the three companies, including: selection of the right candidates, presence of action plans, motivation and incentives, trainings and contact with the company and other expatriates during the assignment and the importance of repatriation.

Table of Content

1. Introduction	1
1.1 Background	3
1.2 Problem Discussion and Purpose	4
1.3 Objectives	5
1.4 Importance of the Research	6
1.5 Limitations	7
1.6 Company Presentation	8
 2. Methodology	 15
2.1 The Purpose of Methodology and Research	17
2.2 Pre-understanding	17
2.3 Scientific Approach—Positivistic Paradigm vs. Hermeneutic Paradigm	19
2.4 Research Approach—Deductive, Inductive, and Abductive Approach	22
2.5 Research Method—Quantitative vs. Qualitative Data	23
2.6 Research Strategy—Case Study	25
2.7 Data Collection Process	26
2.8 Validity and Credibility of the Study	32

3. Literature Review 35

 3.1 Culture in General 37

 3.2 Organizational Culture 39

 3.3 National Culture 48

 3.4 Training in the International Context 49

 3.5 Training in the Chinese Context 60

 3.6 Communication Between Expatriates and
 Local Employees 67

4. Empirical Data and Analysis 75

 4.1 Support for the Expatriates 77

 4.2 Training Chinese Employees 101

 4.3 Communication 111

5. Conclusions and Recommendations 123

 5.1 Research Findings 126

 5.2 Recommendations for the Companies 129

 5.3 Critical Reflection 132

 5.4 Suggestions for Further Research 133

References 135

Appendix 1 Joint Ventures 148

Appendix 2 Chinese Hallmark 153

List of Tables

Table 2.1	Positivistic vs. Hermeneutic Paradigm	20
Table 2.2	Deductive, Inductive and Abductive Approach	23
Table 2.3	Quantitative vs. Qualitative data	24

List of Figures

Figure 2.1	Pre-understanding	18
Figure 2.2	Types of interviews	29
Figure 3.1	The “Onion Diagram” ; Manifestations of Culture at Different Levels of Depth.	40
Figure 3.2	levels of culture	43

1. Introduction

In the first chapter, we give the reader a general view of our research topic and the problem discussion process. We also provide the reader with the presentation of three companies, mostly focusing on the training issues, development processes and trainings in the Chinese context. Finally, we point out our limitations.

1.1 Background

As a result of an increase in the number and influence of multinational enterprises, since the early 1990s there has been a growing interest in international human resource management, reflecting the growing recognition that the effective management of international human resources is an important determinant of success in international business. (Shen J. 2004)

China has become an important present and potential market for Western and other international business organizations. Foreign capital has poured into China on a large scale over the last two decades and the Chinese market has retained a considerable attraction for international business (Selmer J. 2005). The country remains a challenging destination for Western business expatriate managers and the implementation of the training programmes (Selmer J.2005).

Recently, there has been a tremendous increase of foreign direct investment in China, resulting in a presence of a number of foreign businesspersons working in Sino—foreign joint ventures, foreign representative offices, and branches of foreign firms. The expatriate managers have to make things work in absolutely new settings. Without knowledge about Chinese culture, expatriates might have very stressful experiences in the Chinese environment. They have to deal not only with a very different way of life than in their own country, but also need to perform in an unfamiliar work context (Selmer, 1999).

1.2 Problem Discussion and Purpose

According to Bjorkman (1994), multinational companies in China are usually managed jointly by the local and foreign parent companies, both seeking “due representation” in the top management group. Li et al. (1999) states that, besides involving the usual problems of partners having their own expectations, objectives and strategies, top executives usually differ widely in national origins, cultural values and social norms. Hence, the challenges facing Western expatriate managers can be extraordinary (Selmer 2005).

Rapidly developing literature on Western management practices in China shows that Western expatriates assigned there have to undertake many adjustments both at work and non-work life (Child, 1994; Warner, 1995; Selmer, 2000). Also emerging empirical studies about the adjustment of expatriate managers in China offer a similar view. However, as Hutchings (2003) notices, only a few researchers have specifically studied expatriates in China. Although Bjorkman and Schaap (1994) discuss some problems encountered by expatriates in Chinese-Western joint ventures and suggest practical ways to handle these issues, and Selmer (1999, 2001, and 2002) has contributed significantly to the literature on expatriates in China and Hong Kong, there are still not enough practical publications available on the topic.

In our field work^①, we had explored what kind of problems IKEA

① As field work we mean research conducted during our master course that aimed to: first, find an organisation to work with; second, define the problem to work within the organisation; third, analyze the problem from the perspective of “Strategic Management in Dynamic Organisation” and finally to suggest an action plan that will include solution to the problem.

faced during its early stages of entering the Chinese market when sending expatriate managers and training local workers here. We focused on the issue of how IKEA managed to choose the suitable expatriates managers and what were the ways of recruiting and training local co-workers in China. Concerning IKEA's recent success of the Human Resource Department in China, we aimed to find out how IKEA managed its training processes in China and how it solved the problems that were appearing during this process. After conducting the research in IKEA we decided to conduct further research about the problems with sending Western expatriate managers to China. Since it appeared to be a problematic issue in IKEA, we believed that there were also other Western companies which faced this problem. Thus, we got in touch with two companies: Texol Technical Solutions, which was in the process of preparing expatriates for the assignment in China, and NCR, which has already had experience in sending expatriates to China. Finally, we decided to examine International Human Resource Management policies used by IKEA, Texol and NCR in order to investigate how these companies both: prepare and support managers going to China. To fulfil the purpose of our study we set the research questions, "**How do the Western companies manage process of sending expatriates to China?**"

1.3 Objectives

The objective of our study is threefold. First of all we aim to examine problems that the researched companies experienced when sending expatriate managers to China. Looking at the three international

business organisations; the Swedish organization— IKEA, Texol Technical Solutions from Scotland and NCR from the US, we aspire to find out how they deal with the expatriation issue. In our paper, we strive to discover: firstly, how the companies managed training processes before sending expatriates to China; secondly, how they support their managers during the assignment and thirdly, how the differences between Western and Chinese culture can influence expatriation. Finally, we strive to set up a list of advices helpful for the companies and future expatriates when preparing for the assignment.

1.4 Importance of the Research

This piece of research is important for several reasons. In academic terms, more research is needed about trainings for business expatriates going to China, as empirical studies on expatriate managers are not very common in the literature. Although the popular business press is brimming with many anecdotal stories about the expatriate managers in China (cf. Feldman & Thompson, 1993; Janssens, 1995), there are only a few papers giving practical hints for companies that are sending managers to China. The literature shows that expatriate training is rarely provided by the companies, and, where it is, tends to be just ad hoc in nature. Thus the issue of expatriate training as well as process preparation needs to be examined in a number of important aspects.

Although publications suggest that there is a strong need for expatriates working in China to be provided with training before being sent on overseas postings, literature do not examine what such a brief preparation should include. Thus this research affirms the need for

organizations to pay greater attention to the need to develop pre-expatriation processes that value the importance of both pre-departure and in-situation training. The time and costs invested in providing expatriates and their families with trainings help to increase cultural awareness, reduce difficulties in adjusting in both business and social context, and contribute to minimizing the risk of early returns, cultural offence and alienation of expatriates in China (Selmer, 1999). Understanding of a unique Chinese cultural and business characteristics environment can greatly help Western expatriates to effectively and efficiently operate in China.

1.5 Limitations

Due to some constrains, we would like to make the reader realise about the limitations of this study that may influence its result. These are as follows:

- The quality of the empirical data strongly depends on subjective statements based on the personal opinions of the interviewees. Even though, this is the character of the qualitative research, still one must realize about its influence on findings.
- The time frame for our research was also limited; therefore we were able to conduct the interviews with no more than three managers from three different companies. Despite the fact that we believe that it gave us a good understanding of the problem, carrying the research on the bigger number of companies could give slightly different results.
- We also would like to mention language as a limitation as the

authors of the thesis are not English native speakers.

1.6 Company Presentation

We decided to choose IKEA, Texol and NCR as those three companies present three different stages in the process of sending their expatriates to China. As IKEA and NCR have many years of experience in China and managed to organize effective trainings both for the managers and for their families; Texol has just started its operations in the Chinese market.

1.6.1 IKEA

IKEA, a Swedish company founded in 1943 by Ingvar Kamprad, sells Scandinavian modern style furniture and accessories, with a dream to create a better everyday life for many people, targeting its product to young marriages and families. IKEA based its business on the idea to offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible would be able to afford them.^①At the same time IKEA took the lead in using non-traditional materials for furniture, like plastics, that made IKEA design well-know worldwide.

After sixty years IKEA Group has 84,000 co-workers (IKEA calls their employees as co-workers) and a grand total of 220 IKEA stores in 33 countries/ territories covering Europe, Asia, Australia and America.

① http://www.texol.co.uk/texol_structure.htm.