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The societal culture dimension within the HR practices of Taiwanese management in UK

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By

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Abstract

This thesis examines approaches to international human resource management by Taiwanese MNCs located in the UK. A range of international human resource management models are discussed, from the universalist paradigm originating in the US to more contextual models, particularly those emphasising the impact of culture. The key elements of Chinese culture and their application to management are reviewed

Interview and questionnaire data is drawn from 32 Taiwanese companies operating in the UK in the manufacturing and financial services sectors, and is analysed using SPSS and NVivo packages. Key findings include that the cultural origin of Taiwanese managers remains crucial in the way they manage UK subsidiaries. The small size of the Taiwanese companies also influences their internationalisation and international human resource strategy. In addition, there is a sectoral difference in the different HR practices being adopted.

Japanese MNCs have been the only non-western MNCs to have been studied in depth. Although the Japanese and Chinese have been said to share a similar culture, they are shown in this thesis to adopt different techniques to achieve their HRM goals. It is concluded that many goals similar to those of western models of HRM can be found in Taiwanese MNCs, but achieved through different HR practices, for example, group reward rather than individual reward for commitment.

It is suggested that conventional HRM frameworks fail to readily explain companies of non-western origin and the thesis tries to develop an IHRM model suitable for Chinese MNCs. Following strong economic development in China, research on Taiwanese MNCs can contribute to future perspectives on Chinese internationalisation and management transfer.

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Chapter 1 Introduction to the Thesis

1.0 The aim of this research

This thesis seeks to broaden understanding of MNCs of non-western origin operating in western countries and the surrounding factors such as national cultural values that can influence their management practices. The study will take as its focus human resource management, as the area of management most likely to be affected by differences in cultural values. It will develop a conceptual framework from international human resource management and the literature on national culture, and the relationship of Chinese values to management practice, and then test it by utilizing qualitative and quantitative methods, in order to generate a model of international human resource management.

Since Hofstede's work in 1970, the study of international management has had to take into account the features of cultural diversity. Much cultural research has already been undertaken. Until recently, most of these studies have been based on western management philosophies and theories; Hofstede (1980) advocates the importance of cultural values in conducting cross-cultural research using social psychological perspectives. Trompenaars (1997) adopts social anthropological perspectives to make sense of culture. Anthropology has a long tradition of cultural study and it can be measured by using limited variables (Claude, 1977). Social scientists regard cultural values as giving meaning to individuals' behaviour and such cultural differences can be

compared across international management practice (Adler, 1997; Gilbert, 2001).

Most of the cultural study associated with western management was concerned with cultural differences encountered in non-western markets. Since Japanese MNCs entry into world markets, the origin of MNCs is no longer solely Western, thus the research should consider the migration of culture in reverse at present limited to studies of Japanese implants in the US and Europe. Rowley et al (2004) suggest that China, Japan and South Korea represent a cluster of convergence as an identifiable 'Asian' model of HRM, since they share the similar culture, based on Confucianism. This hypothesis aroused my curiosity as to whether Taiwanese MNCs in the UK manage human resources in the same way as Japanese MNCs in the UK. Therefore, I embarked upon my journey with the intention of exploring HR practices of Taiwanese MNCs in the UK.

1.1 Operational framework

MNCs from developing countries

This research focuses on Multinational companies (MNCs) whose origins lie in the developing country, Taiwan, because according to United Nation Conference Training And Development (UNCTAD) (2004, P.19), the outward FDI from developing countries is becoming important has grown faster over the past 15 years than those from developed countries.

Table 1.1 FDI outflows as a percentage of gross fixed capital formation in selected developing economies from 2002-2003 (Percent)

Economy	Value
Developing Countries	
Singapore	36.3
Hong Kong, China	28.2
Taiwan Province of China	10.05
Chile	7.4
Malaysia	5.3
India	1.0
China	0.8
Developed Countries	
Sweden	27.4
France	22.0
United Kingdom	19.0
United States	6.6
Germany	4.1
Japan	3.2
Greece	1.8

Source: UNCTAD (2004, P.19)

Very little research has been conducted based on Multinational companies from developing countries (UNCTAD, 2004, P. 20). UNCTAD (2004, P.19) explains why a number of developing countries are already among top investors, because a number of developing countries such as Hong Kong, Taiwan ranks higher than developed countries such as US, Japan in terms of FDI outflow, which is seen as the gross fixed capital formation, as shown in the table 1.1. Since Taiwan is one of the top investors, this

research will take Taiwanese MNCs as a case to study their HRM practices. In addition, the existing literature has demonstrated that while much research has been conducted and published on issues associated with HRM in the Chinese context such as Taiwan and Singapore (Budhwar, 2004, P2), there is little research conducted on Chinese internationalisation in Europe, therefore it is useful to take the case of Taiwanese MNCs in the UK to insight their management style.

Conceptual framework

Budhwar and Sparrow (2004, P.7; 2001, P.6) have proposed a framework to examine cross-national HRM. They suggest three levels of factors and variables, which influence HRM policies and practices. They are:

1. national factors (involving national culture, national institutions, business sectors and dynamic business environment);
2. contingent variables (such as age, size, nature, ownership, life-cycle stage of organization);
3. Organisational strategies (such as those proposed by Miles and Snow and Porter) and policies related to primary HR functions and internal labour market.

However, Budhwar and Sparrow (2004; 2001) developed this framework to analyse issues of HRM in different countries, and so it may need modifying for this research. My research will examine HRM in Taiwanese MNCs operating in the UK and thus there are

two effects and a factor which influence in HRM policies and practices within MNCs. While the terms used will be explained in the next chapter, for the moment we can identify them as:

1. Nationality effects (the degree to which the national culture of the parent company influences management style in subsidiaries.)
2. Societal effects (the degree to which the national culture of subsidiaries influences management style in subsidiaries and blends with the national culture of the parent company synchronically)
3. Contingent variables such as sector, company size.

The aim of this research is to explore the Taiwanese MNCs operating in the UK and surrounding factors that influence their management practices. A cultural approach is adopted, and the notion of management rationality underpinned by Confucianism, *guanxi*, trust, loyalty, familism, Confucian and Sun-Tzu leadership provides a theoretically rich basis for developing an alternative framework for an international human resource management model. In addition, the cultural approach of Hofstede (1980) and other writers from a cultural perspective such as Laurent (1986) have been utilised to demonstrate how HRM practices may be expected to vary across subsidiaries as well as argue that MNCs have to adopt their HRM to the specific social and cultural norms of the host circumstances (Bjorkman, 2004, P.255).

Mixed qualitative and quantitative methods are adopted in this comparative research.

This study will seek to explore the extent to which Confucianism and Taoism relate to international processes and human resource management.

The research context

The research context will be the United Kingdom, mainly England and Scotland. In 2002, 59.2 million people lived in the UK: 84 per cent in England, 9 per cent in Scotland, 5 per cent in Wales and 3 per cent in Northern Ireland. The employment rate is 74.7 percent in 2004 (http://www.statistics.gov.uk, 2004). Investment and expansion projects by overseas companies created more than 25,000 jobs in 2003/4 in the UK, with the number of projects rising from 709 to 811 (http://www.invest.uktradeinvest.gov.uk/investing, 2004). UNCTAD (2004, P.15) indicates that the UK holds third position in respect to the inward FDI potential index in the period of 1988-1990 and 2000-2002 for the world as a whole, as shown in the following table 1.2.

Table 1.2 Top 25 ranking by the inward FDI potential index (1988-2002)

Economy	1988-1990	1996-1998	2000-2002
United States	1	1	1
Norway	4	3	2
United Kingdom	3	5	3
Singapore	12	2	4
Canada	2	4	5
Belgium and Luxembourg	10	8	6
Ireland	24	18	7
Qatar	22	20	8
Germany	7	6	9
Sweden	5	7	10
Netherlands	9	9	11
Hong Kong, China	17	14	12
Finland	8	13	13
France	6	10	14
Iceland	15	19	15
Japan	13	12	16
United Arab Emirates	29	11	17
Korea Republic of	20	21	18
Denmark	16	16	19
Switzerland	11	17	20
Taiwan, province of China	21	24	21
Australia	14	15	22
Israel	27	25	23
Austria	19	22	24
Spain	25	26	25

Source: UNCTAD (2004, P. 15)

The growing market of the new European Union's 300 million consumers is an important one for all the world's leading companies; therefore, any global player has to take

seriously to present in the European market. Taiwanese companies have been quick to respond to this. Many have set up service and configuration centres in Europe to support customers there. Over 70% of Taiwanese investment into Europe comes to Britain. (http://www.invest.uk.com/asiapacific/site_tai, 2004).

Taiwanese MNCs in the UK come mainly from the electronics industry. The UK electronics industry is now the fifth largest in the world in terms of production, employing some 400,000 people in manufacturing, plus 130,000 in the software and services sector. The leading information technology companies in the world have chosen the UK as their European operations hub, and many inward investors manufacture complete products or components. Supporting services for the electronics industry in the UK are outstanding. The UK attracts MNCs in the electronics industry to invest because the UK has a long history of engineering innovation, and the well-established technical support networks reflect this history. Major electronics companies with UK manufacturing plants include Compaq, Ericsson, and Fujitsu (http://www.invest.uktradeinvest.gov.uk/students/sectors.cfm).

Therefore, this research chooses the two sectors of the IT industry and financial service industry because these represent the majority of Taiwanese MNCs in the UK. Also these two sectors have been the most investigated in previous research. For example Zhou(2000, P.138)., found that Taiwanese service industries such as banking have invested in the US especially in Los Angeles to provide services for Chinese immigrants and that the other sector of Taiwanese MNCs in US has been the IT industry such as

computer distributors or wholesale (Zhou, 2000, P.191-192). In addition, the IT sector has been a key contributor to Taiwan's economic performance: Taiwan has been the world's fourth-largest computer hardware supplier since 1995, trailing only the United States, Japan, and China. In 2001, Taiwan supplied over half of the world's computers and peripherals (http://www.gio.gov.tw, 2004).

Key research questions

There are five key research questions to tackle.

- What is the nature and characteristic of the human resource management practices of the Taiwanese MNCs in the UK?

- Secondly, how does the HRM practice of Taiwanese MNCs in the UK differ from that of the only other non Western-origin MNCs studied, namely the Japanese?

- Thirdly to what extent do traditional Chinese/Taiwanese cultural values explain the characteristics of the HRM practices and attitudes of Taiwanese managers operating in the UK?

- To what extent do the HRM practices and attitudes of Taiwanese managers operating in the UK differ from those of British managers in the same Taiwanese companies?

- To what extent do the HRM practices and attitudes of Taiwanese managers operating in the UK differ from those of Taiwanese managers in company HQs in Taiwan?

1.2 Structure of the thesis

Eight chapters are used to present this thesis effectively. Following this introduction chapter is a review of the relevant theoretical and empirical literature. Chapter Two is thus concerned with recent studies on international human resource management. The universalist paradigm is questioned, and the choice of a contextual paradigm is justified. Debate about the best method to research foreign firms in a single nation has been divided between the institutionalist and the culturalist approaches (Sorge, 2004). Chapter Three identifies the critical variable, culture, as a key concept in the study of international human resource management. The limitations of the bipolar structure of existing cultural models are critically examined. Therefore, the specific culture of national origin of MNCs, Chinese culture and its relationship to management is reviewed in Chapter four. The central theme, harmony, is embedded in Chinese organizations, influenced by Confucianism and Taoism. In addition other cultural variables such as trust, loyalty, familism, *guanxi* and leadership are seen as means to achieve harmony in an organisation. Japanese management will be compared with Chinese management in order to demonstrate the differences in order to the argument; there is no single model of Asian HRM. Chapter five looks at the background of Taiwan, which will be discussed from the Japanese colonial era, when the bedrock of Taiwanese economic development was built up, up to today. Taiwanese MNCs in the US and the South East Asia will be discussed to provide a background to the study of Taiwanese MNCs in the UK. Discussion of Japanese MNCs in the UK will help to compare and demonstrate the differences between two oriental MNCs in terms of internationalisation strategies such as HR practices, entry

mode etc.

The methodological approach and the research procedure are illustrated in Chapter six. It illustrates the philosophy of the research paradigm in social science, which helps researchers design and probe in detail. This research requires a multiple methodological approach including the employment of qualitative and quantitative methods for the collection and analysis of data and the design and development of the culturally sensitive instruments used in the field in order to triangulate the data. The stages of pilot testing, contacting gatekeepers as well as the role of researcher are explained.

Chapter seven attempts to provide an overview of the research findings and discussion including the business operation period, ownership, the entry strategy, the strategy of the international staffing and employment structure as well as cultural variables related to human resource management such as harmony, guanxi, loyalty, trust, and leadership style. It examines the various rationales underlying the cultural differences articulated among Taiwanese managers in Taiwan and UK and British managers in the UK. The findings suggest that Taiwanese MNCs transfer their management style to UK subsidiaries, as well as that the main goal of HRM can be found in Taiwanese management and the technique to achieve it is culture bound. However, the individualistic values in western culture demonstrate the differences, compared with British management.

The conclusion in Chapter eight follows a similar path to that adopted in Chapter seven, in that the stage of discussion is again set by analysing and comparing Taiwanese with

Japanese MNCs in the UK to demonstrate that there is no single Asian HRM model. Although they share the similar culture such as the Confucianism and Taoism, techniques to achieve the goal of HRM still differ. Gradually, the existing models of international human resource management will be discussed, and then a new model of international HRM for studying Chinese MNCs will be generated, which can contribute to academic understanding of the future perspectives of Chinese internationalisation in this era of sharp economic development in China and future Chinese MNCs in the world.

Chapter 2 Human Resource Management in Multi-National Corporations

2.0 Introduction

This chapter seeks to establish a suitable conceptual framework within which to study HRM practices with Taiwanese MNCs operating in the UK. This will first explore the meaning of human resource management and the different models of HRM and IHRM. There are two approaches which can be identified when analysing IHRM practices and these will be referred to as the universalist paradigm and the contextual paradigm. The question of the best practise –the universal paradigm- and the social model of the contextual paradigm might contribute to generate the framework to study Taiwanese MNCs.

2.1 The meaning of HRM

The persistence of economic pressures that first challenged American industry in the 1970s reflects fundamental changes in the competitive environment of firms. International competitors, rapid technological advances with relatively cheap labour, shorter product life cycles, and shifts in consumer preferences, have undermined the competitiveness of the American mass production strategy and its traditional industrial relations and people management. In response to these challenges, companies had to

make changes, which directly affected the HRM function (Locke et al, 1997, P.1). American management experienced the "Japanese shock" and then engaged in the search for excellence through researching Japanese management in order to compete with it. The competition embraced technology, working methods, organisation and attitudes, which were directed not only at costs, but also crucially at quality for example, the new goal of quality could only be achieved through employees' training and commitment.

Today, the notion of HRM indicates that people management can be a key resource to sustain competitive advantage. This belief is based on four core perspectives; firstly, people can 'make the difference' as human capability and commitment distinguish successful organizations, and people need to be treated as assets and not costs; secondly, managing human resource in fact is an important "strategic" matter; thirdly, line management showed engage in managing human resources; fourthly, the key levers must be internally integrated with each other and externally integrated with the business strategy (Mabey et al, 1998, P.1). When these perspectives are translated into proposals for practice, two distinct models have been modified.

2.2 Two routes towards HRM

Fombrun (1984, P.11) first focused on the 'resource' aspect of HRM and emphasizes the efficient utilization of human resources to meet organizational objectives. He argues that people need to be managed like any other organizational resource. Fombrun *et al.* (1984) developed the model of strategic HRM, which emphasizes a 'tight fit' between

organizational strategy, organizational structure and HRM system. Both structure and HRM are reliant on the organizational strategy. Thus, the model aims to develop a proper 'human resource system', in which HRM policies contribute to the most efficient implementation of business strategies. In Table 2.1 Fombrun et al (1984, P.37) describe four human resource systems that are consistent with different stages of the growth of the organization. They argue that firms encounter inefficiencies when they try to implement new strategies with old-fashioned structures, so they may face problems of implementation when they attempt to implement new strategies with unsuitable human resource systems. The critical managerial task is to align the formal structure and the human resource systems so that they can meet the strategic objective of the organization.

Table 2.1 Human resource management links to strategy and structure

		Human	Resource	Management	
Strategy	Structure	Selection	Appraisal	Reward	Development
1.Single products	Functional	Functionally oriented: subjective criteria used	Subjective: measure via personal contact	Unsystematic and allocated in a paternalistic manner	Unsystematic, largely job experiences: single function focus
2.Single product (vertical integrated)	Functional	Functionally oriented: standardized criteria used	Impersonal: based on cost and productivity data	Related to performance and productivity	Functional specialists with some generalists: largely job rotation
3.Growth by acquisition (holding company of unrelated businesses	Separate, self contained businesses	Functionally oriented, but varies from business to business in terms of how systematic	Impersonal: based on return on investment and profitability	Formula-based and includes return on investment and profitability	Cross functional but cross-business
4.Related diversification of product lines through internal growth and acquisition	Multidivisional	Functionally and generalist oriented: systematic criteria used	Impersonal: based on return on investment, productivity, and subjective assessment of contribution to company	Large bonuses: based on profitability and subjective assessment of contribution to overall company	Cross functional cross divisional, and cross corporate divisional: formal
5.Multiple products in multiple countries	**Global organization (geographic center and world wide)**	**Functionally and generalists orientated: systematic criteria used**	**Impersonal: based on multiple goals such as return on investment, profit tailored to product and country**	**Bonuses: based on multiple planned goals with moderate top management discretion**	**Cross divisional and cross subsidiary to corporate: formal and systematic**

Source: Fombrun et al. (1984, P.38-39)

Schuler and Jackson (1987) develop the strategic model of HRM by linking HR practices to Porter's competitive strategies framework that an organization can use to gain competitive advantage: innovation, quality enhancement and cost reduction. They argue that different competitive strategies imply different kinds of employee behavior. For example, if management chooses an innovative competitive strategy, this would call for high level of creative, risk-oriented and cooperative behavior. The HR practices need emphasis on selecting highly skilled individuals, giving employees more discretion, using minimal controls, making greater investment in human resources, providing more resources for experimentation, allowing and rewarding occasional failure and appraising performance for the long term implication. If the management adopts a quality enhancement strategy, this would emphasize a mode of cooperative behavior, a high concern for quality, a high concern for process, low risk-taking activity and commitment to the goals of the organization. If the firm seeks to gain competitive advantage by pursuing the competitive strategy of cost reduction, it should adopt a high concern for quantity of output and, primary short-term focus and concerning results (Schuler and Jackson, 1987, P.210-211).

Table 2.2 Schuler and Jackson's model of employee role behavior and HRM policies associated with particular business strategies

Strategy	Employee role behavior	HRM policies
1. Innovation	A high degree of creative behavior	Jobs that require close interaction and coordination among groups of individuals
	Longer-term focus	Performance appraisal that are more likely to reflect longer-term and group based achievements
	A relatively high level of cooperative, interdependent behavior	Jobs that allow employees to develop skills that can be used in other positions in the firm
		Compensation systems that emphasize internal equity rather than external or market-based equity
	A moderate degree of concern for quality	Pay rates that tend to be low, but that allow employees
	A moderate concern for quantity	to be stockholders and have more freedom to choose
	An equal degree of concern for process and results	the mix of components that make up their pay package
	A greater degree of risk taking	Broad career paths to reinforce the development of a broad range of skills
	A high tolerance of ambiguity and unpredictability	
2. Quality enhancement	Relatively repetitive and predictable behaviors	Relatively fixed and explicit job descriptions
	A more long-term or intermediate focus	High levels of employee participation in decisions relevant to immediate work conditions and the job itself
	A moderate amount of cooperative, interdependent behavior	A mix of individual and group criteria for performance appraisal that is mostly short-term and results orientated
	A high concern for quality	
	A modest concern for quantity of output	A relatively egalitarian treatment of employees and some guarantees of employment security
	High concern for process	
	Low risk-taking activity	Extensive and continuous training and development of employees
	Commitment to the goals of the organization	
3. Cost reduction	Relatively repetitive and predictable behavior	Relatively fixed and explicit job descriptions that allow little room for ambiguity
	A rather short-term focus	Narrowly designed jobs and narrowly defined career paths that encourage specialization, expertise and efficiency
	Primarily autonomous or individual activity	
	Moderate concern for quality	Short-term results orientated performance appraisals
	High concern for quantity of output	Close monitoring of market pay levels for use in making compensation decisions
	Primary concern for results	
	Low risk-taking activity	Minimal levels of employee training and development
	Relatively high degree of comfort with stability	

Source: Legge (1995, P.108-109), adapted from Schuler and Jackson (1987, P.209-213)

Schuler and Jackson's model suffers from Porter's assumption that firms must make a clear choice between lowest cost and widespread differentiation or focus strategies such as cost reduction, quality enhancement and innovation. The Japanese have constantly sought enhanced quality and reduced cost simultaneously via such techniques as flexible

manufacturing and JIT delivery and inventory systems. If the organizations simultaneously adopt the strategies of quality and cost reduction, we might not be able to use Schuler and Jackson's model (Legge, 1995, P.116).

Such models are centralized control process, top-down decision-making without concern for the employees' perspective. However, the model originated in the early 1980's and may be not suitable for today's industry characteristics, such as product and R&D outsourcing in different place in the world. Fombrun et al (1984) regard HR strategy associated with products in the world market without considering national culture and institution in host country. In the model of Schuler and Jackson (1987), the strategies provide opportunities for MNCs to adopt different strategies in the different subsidiary; however, it excludes the differences of industry and size.

The model emphasizes a 'tight fit' between organizational strategy and HR strategies that emphasize the alignment of HRM with competitive strategy but tend to ignore employee interests. They generally fail to recognize the need to align employee interests with the firm or acquiesce to social norms and legal requirements (Legge, 1995, P.115; Budhwar and Debrah, 2001, P.500). Legge labels this model as the 'hard' HRM model.

In contrast, what Legge calls the 'soft model' of HRM recognizes that to achieve a mutual commitment HR strategy, HRM seeks to develop a strong unitary corporate culture, which organisational members share values of commitment that directly reinforce behaviors considered conducive to organisational success (Legge, 1995, P.179). The early

development of this approach was an emerging interest in understanding the cultural factors underpinning Japanese economic 'excellent' performance in the late 1970s and early 1980s. All Japanese studies regard deeply embedded shared values as the competitive advantage of organisations (Wallace, 1999, P.549). Thus, many companies in the UK have sought to change their culture. The goals of such culture change are varied such as wishing to move to a 'production culture', a 'quality culture', a 'service culture', a 'people first culture' and a 'risk-taking, entrepreneurial culture'. Whatever the direction of change, it has become widely accepted as the vague concept of culture which contributes to the achievement of successful competitive advantage (Guest, 1992, P.9) and that a central part of any culture change requires change in a number of HR levels and in HR policy.

The 'human' aspect of HRM is more concerned with the relationship between employer and employee compared with 'hard' HRM. It is associated with the human relations movement, the utilization of individual talents and the concept of a high commitment work system (Walton, 1985). Beer et al (1985) also discuss the softer issues of strategic management, and stress the 'human' aspect of human resource management. The model defining HRM should involve all the management decisions and actions that affected the nature of the relationship between the organization and the employee and it argues that historical problems of personnel can only be solved when general managers develop a method of how they want their employees involved in and developed by the organisation. This central idea is that this can only be achieved by general managers and ensures that personnel management activities become a set of coordinated activities. Moreover, the

actual content of HRM according to this model is described in relation to four policies, i.e. human resource flows, reword systems, employee influence and works systems. Each of the four policy areas is characterized by a series of tasks to which managers must attend. The outcomes that these four HR policies need to achieve are commitment, competence, congruence and cost effectiveness. The outcomes aim to develop and sustain mutual trust and improve individual and organisational performance at minimum cost in order to achieve individual well being, organizational effectiveness and societal well being. The model contributes to the analysis of the outcomes at both the organizational and societal level. The framework is shown in Figure 2.1.

Figure 2.1. Determinants and consequences of HRM policies
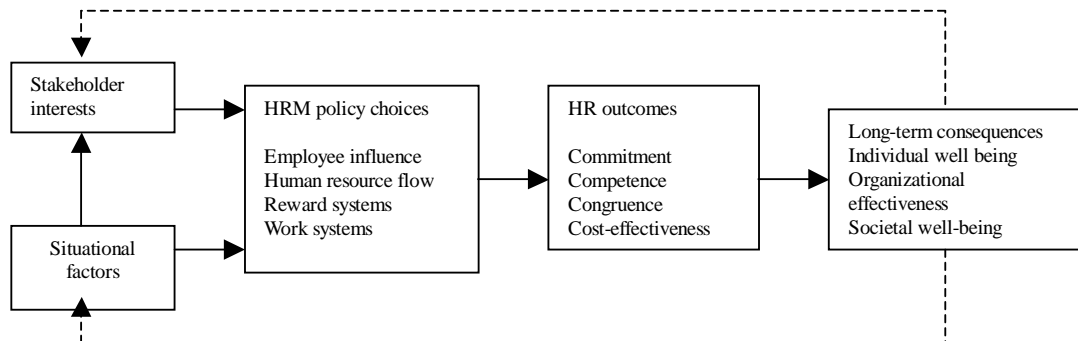
Source: Guest (1990, P.509)

A commitment behavior is primarily self-regulated rather than controlled by pressures external to the individual and relations within the organization are based on high levels of trust. Trust is also equated to identity or identification-based trust; it can be reinforced at the organizational level through corporate culture:

"The basis for this type of trust is a mutual understanding and agreement concerning needs, desires, choices and preferences between the truster and trustee." *(Zeffane and Connell, 2003, P.7)*

Legge (1995, p. 174) argues externally imposed bureaucratic control systems maintain compliance; instead, commitment is an internalised employee belief, often related to 'soft' HRM and a high trust organizational culture.

Because this thesis is concerned with examining the practical role of cultural values in management practice, the 'soft' HRM model will be examined in more detail, below, as a basis for formulating research instruments. And as Hsu and Leat (2000, P.413) have already noted that Taiwanese HRM is likely to be closer to the soft model of HRM.

2.3 Organisational culture and commitment

The concept of culture has principally derived from the study of ethnic and national differences in the disciplines of sociology, anthropology and social psychology (Wilson, 2001, P.354). The culture of any society reflects the complex interaction of values, attitudes and behaviours displayed by its members. The continually changing patterns of individual and group behaviour eventually influence the society's culture and the cycle begins again (Adler, 1997, P.14-15). Organisational culture means a group of members share the collective set of values and beliefs in an organization (Dastmalchian, 2000, P. 388). A strong desirable culture is consensus (Peters and Waterman, 1982). Value is

associated with informal beliefs, norms and attitudes. Cultural members share the same values, promoting a shared sense of loyalty and commitment (Wilson, 2001, P.358). The mutual trust is based between the individual and the organisation. In such an organisation, people believe that they are valued as human beings. This type of organisation assumes that people want to contribute. Rather than evoking their contribution through a common purpose or ideal, the organisation offers its members satisfactions derived from relationships: mutuality, belonging, and connection (a being culture) (Appelbaum et al, 2004, P.28).

Organisational commitment can be generally defined as a psychological link between employees and their organisation that means employees are willing to stay in an organisation. Organisational commitment is commonly conceptualised as an effective attachment to an organisation and categorised by shared values, a desire to remain in the organisation, and a willingness to make effort by oneself (Allen and Meyer, 1990, P.849).

Affective commitment refers to identification with, involvement in, and emotional attachment to the organisation, therefore, employees with strong affective commitment are willing to stay with the organisation. Continuance commitment refers to commitment based on the employee's recognition of the costs associated with leaving the organisation. Finally, normative commitment refers to commitment based on a sense of obligation to the organisation (Allen and Meyer, 1996, P.253). The second issue is attitudinal commitment, which Mowday et al (1982) defines *as the relative strength of an individual's identification and involvement in a particular organization*.

In the high commitment organisation, the desirable leadership is transformational leadership. Leadership is defined as *"the ability to influence a group toward the achievement of goals"* and we need leaders to create visions of the future, and to inspire organisational members to achieve the visions (Appelbaum et al, 2004, P18.). The recent studies on leadership have contrasted transactional leadership with transformational leadership. Transactional leaders are said to be 'instrumental' and frequently focus on exchange relationship with their followers (Ogbonna and Harris, 2000, P.767). However, based on transactional leadership theory, a leader focuses on having internal actors to achieve the required task for the organisation. By contrast, organisational leadership consists of not only reacting to crisis and fulfilling basic needs, but also depends on individuals accomplishing tasks and activities in order to contribute to the overall objective of the organisation. In this circumstance, leadership is perceived as a transformational process concentrating on the mutual needs, aspirations and positive values (Boehnke et al, 2003, P.6):

> *"Attempt and succeed in raising colleagues' subordinates, followers, clients or constituencies to a greater awareness about issues of consequence. This heightening of awareness requires a leader with vision, self-confidence, and inner strength to argue successfully for what is right or good, not for what is popular or is acceptable according to established wisdom of time". --- Bass (1985, p. 17)*

Transformational leadership comes from simply leading followers by the development of a relationship of mutual stimulation and trust (Boehnke et al, 2003, P.6). Trust is a positive expectation that another will not – through words, actions, or decisions - act

opportunistically. The key dimensions underlining trust are integrity, competence, consistency, loyalty and openness. Trust is the primary quality associated with leadership (Appelbaum, 2004, P.18). The transformational leadership is the desire leadership in the HRM of soft models. Blunsdon and Reed (2003, P.12) argue that, in an organisational context, trust is not just a relationship between an individual subject (the truster) and an object (the trustee) but effects from the conditions of the work system such as HRM. The high trust organisation can be achieved by a particular set of HR practices. Pfeffer (1998) suggests that a particular set of human resource (HR) practices can achieve high commitment and among the more important are:

Employment security

This is seen as fundamental to HR practices, so employees are willing to offer their ideas, hard work, and commitment. However, the term employment security is used in Japanese companies where employees can obtain a certain degree of security in return for agreeing to mobility and flexibility in their employment. Another reason for providing employment security is offered by Pfeffer (1998, P.66) concerning costs and competitors:

> *"Constitutes a cost for…that has done a good job selecting, training and developing their workforce . . . layoffs put important strategic assets on the street for the competition to employ".*

Japanese companies are able to pay particular attention to the in-house training and development of their staff. Knowing that people are going to be with you for more than

thirty years, gives the company the confidence to train and develop its staff without the worry that they will depart to another organisation (Wilkens, 1992, P.29). Furthermore, Management recognizes that superior product quality and high productivity are dependent on the skill and commitment of employees. Job security also reduces costs associated with turnover, such as recruitment and training (Yang, 1994, P.48).

Selective hiring

This is seen as an effective way to achieve 'human capital advantage' by recruiting exceptional people and capturing outstanding talent. However, in the Santiago and Domingo (2004, P.66) study, the jobs in different groups for example, the job with high value and high uniqueness have more rigorous selection than those in low value and low uniqueness, such as knowledge tests, requesting of references and external recruitment consultants.

Self-managed teams/team working

This practice has become more common over the last decade for various reasons, not only in response to Japanese competition as a tool of generating ideas but also improving work processes blocked in the organisation. Team working creates new demands on the skill and knowledge of team members, supervisors and managers. Team members have to learn multi-skilling or multi-tasking and with their new responsibilities such as quality control and they must learn the skills that are necessary for them to work together, such as problem

solving and conflict resolution (Williams, 1998, P.783). However, the jobs in groups of high value have more autonomy, flexibility and decision participation than those of low value (Stantiago and Domingo, 2004, P.66)

High compensation contingent on organisational performance

There are two elements to this practice – higher than average compensation and performance-related reward – although both send a signal to employees that they deserve to be rewarded for superior contributions. To be effective, this would need to be at a level, which is in excess of that for comparable workers in other organizations so as to attract and retain high-quality labour. Having recruited 'outstanding human talent', employers need to ensure that these people remain at the forefront, in terms not only of professional expertise and product knowledge but also in getting the best of situations, for example as managers or as team members. By contrast, anyone with experience of consultancy in the USA knows that executive pay levels are very high by world standards and pay egalitarianism is rare (Boxall and Purcell, 2003, P.62-63). Different groups enjoy different pay, for example, Commission, competency-based pay and profit sharing were less frequent in the group of low value and uniqueness compared with groups with high value (Stantiago and Domingo, 2004, P.67).

Reduction of status differences

This derives from Japanese practices of so called egalitarianism – such as common

canteens, company uniforms, and similar sickness and holiday entitlements – in addition to employers sending messages to manual workers or white-collar staff who are valuable assets and deserve to be treated in a similar way to their more senior colleagues. It is also regarded as a way to encourage employees to share ideas within a system. To achieve the mutual commitment, the key factor seemed to be a change in leadership, but it was what the leader did that was most important and one of the things the latter paid attention to was HR factors; it is tied into leadership and culture, reinforcing the view that these are essential elements in any HR strategy (Guest, 1992, P.18).

Sharing information

Open communications about financial performance, strategy, and operational measures let employees feel trusted. Furthermore, if team working is to be successful and employees are to be encouraged to offer ideas, it is essential that they know their suggestions and something about the financial context in which their ideas are to be reviewed. On the subject of employee communication/ consultation, a large increase has taken place in the use of direct verbal and direct written mechanisms, potentially reflecting the necessity to increase employee commitment in order to achieve organizational success.

Stantiago and Domingo (2004, P.56) found, through researching 375 companies in Spain, that companies don't really adopt the best practices for all employees. The best practice weakens on the collective issues of work organization and the employee voice. The key

practices seem to lack a strong commitment to independent worker representation and joint regulation (Boxall and Purcell, 2003, P.62-63). Does a high commitment organisational culture generate high corporate performance? There is increasing evidence supporting an association between high performance or high commitment human resource management (HRM) practices and various measures of organizational performance (Guest et al, 2003, P.291; Guest, 1997, P.985). However, it is not clear that HRM causes high performance (Guest et al, 2003, P.291).

This discussion of high commitment policies has its origins within national employment systems, particularly, that of the USA. When companies attempt to apply these strategies to overseas subsidiaries a number of other factors have to be considered. While this model of HRM has understandably given a high importance to the role of organizational culture, clearly at international level an additional variable is likely to be important - that of national cultural values.

2.4 International HRM

The role of MNCs activity in the global economy continues to grow, the value of foreign direct investment inflows from 1982, 1990 to 2003 has increased from 59, 209 to 560 billion US dollars, respectively (www.unctad.org/fdistatistics). United Nation Conference on Trade and Development (UNCTAD) data indicate the international production is carried out by over 900,000 foreign affiliates of at least 61,000 MNCs worldwide. These subsidiaries account for an estimated one-tenth of world GDP and one-third of world

exports (UNCTAD, 2004, P.8-9). Therefore, it is important to study how MNCs managing their subsidiaries. In addition, as mentioned in the Chapter 1, the MNCs from developing countries sharply increase over past 15 years, and little research pays attention to it. The literature on HRM in MNCs is still relatively limited (Bjorkman, 2004, P.253). The question is whether the theories generated from studying MNCs originally based in developed countries can apply to study MNCs from developing countries. In analysing the different approaches to managing overseas subsidiaries, two paradigms can be identified: the Universalist and the Contextual.

There are a number of reasons why the HRM policies and practices of multinational enterprises (MNCs) are likely to be different from those found in domestic firms. The geographical difference means that MNCs normally engage in HR activities that are not needed in domestic firms such as expatriate management and dealing with subsidiary management. It is a competitive advantage for international firms to effectively manage human resource internationally (Monks et al, 2001, P.537). Second, the personnel policies and practices of MNCs are likely to be more complex, and diverse, for example pay. Finally, there are more stakeholders that influence the HRM policies and practices of international firms than those of domestic firms. It means that international companies need to be more concerned with the social and political environment than domestic firms (Hiltrop, 1999).

The field of international HRM has usually focused on three categories. In the infant stage of international HRM, the research was centered on cross-cultural management

issues (Laurent, 1983) and the second approach was developed in comparative HRM research (Brewster, 1999; Sparrow, 2004). Finally, the study in IHRM focused on MNCs in a single country and it entails the HRM issues and problems arising from the internationalization of business via the cross-national transfer of employees and management practices (De Cieri and Dowling, 1999, P.306; Scullion 2002, P.288).

2.4.1 The universalist paradigm

A universalist paradigm assumes that there is 'one best way' of managerial effectiveness which can be applied in all similar situations, wherever the international context. This approach originated in the USA, and because the majority of MNCs were, until the 1990s, US-based and there was a natural tendency to see its prescriptions as being universally applicable (Sparrow, 2004, P.29).

The universalist models of HRM tends to reflect the all-American dream, and has been described as capturing the values of middle class of US and emphasizing opportunities for progress and growth based on individual achievement (Guest, 1990, P.391), that highlight the value of strong leadership, support by a strong organisational culture reflecting the strength of entrepreneurial individualism (Guest, 1990; Beaumont, 1992).

A third criticism is that, as HRM systems were essentially developed in the non-union sector in the US between the 1970s and 1980s and are designed to develop a strong

individual organization (Beaumont, 1992, P.32; Sparrow et al, 2004, P.29), they are not always appropriate to unionized environments.

For example, inn Europe, government, unions and work councils have a greater impact on the strategic use of HRM practices than in the United States. Different cultural assumptions regarding, for example, organisations as systems of tasks versus relationships (Laurent, 1983), the role of in individual and the collective and the importance of being versus doing (achieving versus ascription) (Hampden-Turner and Trompenaars, 1997) make HRM practices culture bound (Schneider and Barsoux, 1997, P.129). European definitions of HRM slightly differ from the US ones (Brewster, 1995, P.311). Table 2.4. shows the differences between European and US definitions of HRM.

Table 2. 4. The comparison of European and US Definition of HRM

HRM definition	US Definitions	European Definitions
Strategy Integration	The critical management task is to align the formal structure and the HR systems so that they can drive the strategic objectives of the organization (Fombrun, Tichy and Devanna, 1984) System wide interventions, with emphasis on fit, linking HRM with strategic planning and cultural change (Beer and Spector, 1985) Effective HRM must be related to the overall strategy of the organization (Foulkes, 1986)	The use of planning, a coherent approach to the design and management of personnel systems based on an employment policy and manpower strategy, and often underpinned by a 'philosophy'; matching HRM activities; and seeing the people of organization as a 'strategic resource' for achieving 'competitive advantage' (Hendry and Pettigrew, 1986). If human resources can be integrated into strategic plans, then the company's strategic plans are likely to be more successfully implemented (Guest, 1987).
The philosophy of human resource	People are social capital capable development (c.f. people as variable cost) (Beer and Spector, 1985).	People are a valued resource, a critical investment in an organization's current performance and future growth (Hendry and Pettigrew, 1986).
Commitment	Seeks power equalization for trust and collaboration & opens channels of communication to build trust, commitment (Beer and Spector, 1985). The HRM model is that policies of mutuality will elicit commitment which in turn will yield both better economic performance and greater human development (Walton, 1985).	One of the HRM dimension involves the goal of employee commitment (Guest, 1987).
Culture and Institution	Managerial autonomy: coincidence of interest between stakeholders can be developed (Beer and Spector, 1985)	At the national level, by culture and by extensive legal limitations on the nature of the contract of employment. At organizational level, by patterns of ownership (by state, banking and finance system and families) (Brewster, 1995)
Control	Participation and informed choice (decentralized).	HRM is totally identified with management interests, being in general management activity and is relatively distant from the workforce as a whole (control from top) (Torrington and Hall, 1987).
Outcomes	Goal orientation (Beer and Spector, 1985)	The goal of integration, the goal of employee commitment, the goal of flexibility/ adaptability (Guest, 1987).

Sources adopted from Legge, 1995, P.64-65 and Brewster, 1995, P.311

MNCs will have a number of business strategies, especially if they operate in a variety of product-markets, therefore, different approaches to HR might be needed for each. This is particularly true of global and transnational businesses. If a business strategy changes, it might be difficult to change the HR strategy because it involves the internal structure and

culture of the organization. Softer features of organizations like culture are notoriously difficult to change to a desired state (Stonehouse et al, 2000, P.203). In addition, the expatriate strategy will also influence HR management in the subsidiary.

Finally, there are problems of research methods in a universalist paradigm: Sparrow et al (2004, P.29) have pointed out that the deductive approach has been the main perspective used to research HRM in the US MNCs. Second, the observations tend to be drawn from a small number of leading private sector companies, mainly in manufacturing or the high-tech sector and mainly non-union. Finally, the model has not been based on rigorous research and neither is it based on existing literature and theory thus, it is hard to see it as relevant to wider theoretical and practical debates. For example, Walton (1985, p.489) generated the theory of commitment strategy from researching some American leading companies such as GM (General Motor), General foods, Cummins Engine and Procter and Gamble.

2.4.2 The contextual paradigm

As a response to the above criticism of the universalist paradigm, Sparrow et al (2004, P. 30) proposed a contextual paradigm, which is centered on understanding what is different between and within HRM in various contexts and its emphasis is on not only internal factors in an organization but also external factors, for example, national cultural, ownership structures, labor markets, the role of state and trade union.

As an example of a contextual approach, a European model of HRM was developed by Brewster (1995) and it includes the following factors, European Union, national culture, legislation, the patterns of ownership, trade union involvement, communication and consultation influence in HRM (Brewster, 1995, P.3), managing diversity and focus on competency and the development of human capital (Brewster et al, 2000, P.21). Similarly, Morley et al (2000, P.208) also mention that it is clear that the successful integration of HRM with collective bargaining and more traditional approaches to industrial relations is ultimately contingent on employers co-operating with union representatives so the mutual commitment can be worked out. The European model shows an internal interaction between HR strategies, business strategy and HR practice and an external interaction with national culture, power systems, legislation, education, and trade unions. It places HR strategies as integrated with the organizational strategy but also with the external environment. The important aim of this model is to demonstrate external factors to the organization as a part of the HRM model. It contributes to organizational studies which should take the national context into account to achieve a better understanding of the unique situations of, and differences between, nations in their HRM practices as well as MNCs HR practices in subsidiaries (Brewster, 1995, P.13).

What makes European HRM distinctive? The trade union membership in major European economies still remains significant. Communication and consultation remain center stage by increasing all channels of communication in order to generate stronger identification and employee commitment. Focusing on developing the skills of employees through training is evident in many organizations and sectors in Europe (Brewster et al, 2000, P.21).

Clark and Pugh (1999) argue differences in cultural and institutional contexts continue to have a major impact on the nature of the employment relationship. Gunnigle et al (1994 P.13) mention that there is no common European pattern as far as where policy decisions on industrial relations are made, because national institution influence explains many of the variants of industrial relations in Europe. Similarly, Gooderham et al (1999) mention that the national institutional influence of firms plays a far more important role in shaping human resource management practices than does their sectoral influence. For example, in trade union membership, all four Nordic countries have at least 85 percent of organizations reporting membership in the 76-100 percent bracket (Morley et al, 2000, P.209). Furthermore, national bargaining is characteristic of the 'European model' of industrial relations (Croucher and Druker, 2001, P.56). According to Bridgeford and Stirling (1992 P.72), there is no simple model of European collective bargaining and wide variations in the structure of negotiating arrangements exist between countries. Collective agreements may be concluded at all levels from national to local.

The convergence can be found after European Union involvement in employment relations. The European Union has sought to establish employee relation's practices by pursuing common standards through the Community Charter of the Fundamental Social Rights of Workers and its associated Action programmes (Bridgeford and Stirling, 1992, P.68). For example, the European Community is playing an increasing role in shaping British party political approaches to industrial relations processes and policy-making such as the minimum wage (Bridgeford and Stirling, 1992, P.79, 81).

The legislation may not apply to MNCs who operate in Europe. For example, The McDonald's workforce in Germany employ approximately 30000 employees but the company is not under constraint by the legislation in foreign operation, to a certain extent due to its regional organization however just because it is registered under US law, it has retained US legal status which can override the German legislation (Royle, 1995, P.55). Therefore, studying MNCs in their foreign operation should consider other factors such as expatriate management or organizational culture from headquarters.

2.4.3. Strategic international HRM

Schuler et al (1993) develop a theoretical framework of strategic international human resource to study MNCs and revise it (De Cieri and Dowling, 1999) building on the work of Prahalad and Doz (1987) and Bartlett and Ghoshal (1989). It highlights the exogenous factors and endogenous factors that impact on the strategic activities and international concerns of multinationals. The exogenous factors including the industry characteristics, nation, regional characteristics and inter-organizational characteristics (see Figure 2.2). The type of industry appears to have an impact on IHRM (Monks et al, 2001). For example, the competitive pressures in varied levels of globalisation reflected in the strategies of firms in the industries (Sparrow, 2004, P.40). The exogenous factors influence endogenous factors, strategic HRM and MNCs goals. MNCs structure is associated with structure of international operations, intra-organizational networks and mechanisms of co-ordination. The life cycle of organization and industry should be

taken into account international entry modes and levels of firm's strategy (please see figure 2). It also echoes the resource based perspectives (Taylor et al, 1996, P.958) and concerns the strategic issues in MNCs associated with affiliate's HRM system and the HRM system for employees in the subsidiaries and is integrated in the model and indicates reciprocal relationships between endogenous factors, Strategic HRM and MNCs concerns and goals.

Figure2.2. Strategic international HRM
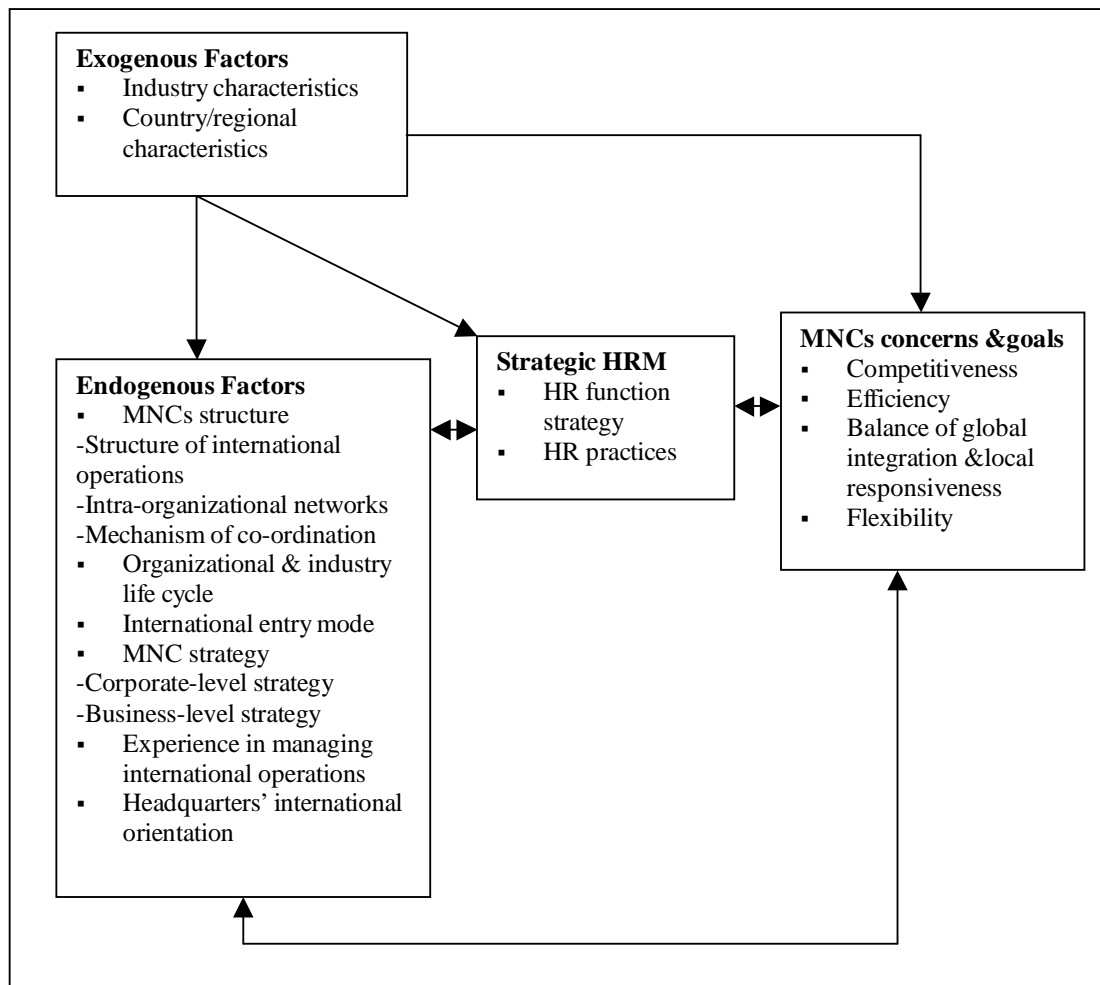
However, for most theories of international HRM research is conducted and based on "big" company sized MNCs. However, as will be discussed in Chapter 4, Taiwanese firms are relatively medium or even small compared with Japanese MNCs, thus, the company size of affiliate should be taken into account. Monks et al (2001, P.536) found that the company size influenced the strategy of development of IHRM policies and practices for example, Irish MNCs adopt a much more flexible approach to internationalization and entering markets and countries.

Ngo et al (1998, P.637) indicate the vital factor of the effectiveness of the human resource practices should take into account not only contextual factors such as the firm's strategic orientation, the operating environment, the "culture" of the firm and its country origin. Organizational effectiveness depends on whether there is a 'cultural fit' between HR practices and the dominant value system of the firm. Because the firms' value systems influence whether a certain HR practices fits, it seems likely that country origin will influence the relationships of HR practices with firm performance. Furthermore, organizational members may have certain expectations about the HR practices of the firm, given its country origin and its internal value system; these expectations, in turn should influence their work behaviours and hence the effectiveness of HR practices such that practices that meet expectations will be more effective.

2.5 International staffing strategies

MNCs are potential exporters of employment practices, since they may seek to apply their home-country HRM systems to host –country employees (Bae et al, 1998, P.655), particularly if there is a strategy of international staffing of 'expatriates' in a foreign setting. For example, European and US MNCs typically employ more local managers and far fewer expatriated staff in their foreign subsidiaries than do Japanese MNCs. Furthermore; company size is an important element to determine HRM strategy (Poole and Jenkins, 1992, P.333). Shuler and Dowling (1999 P.9) develop the distinctions first suggested by Perlmutter (1969) which not only identify the organizational structure and the lines of communication and information, but also the approach to HRM activities. In his early work, he only identified ethnocentric, polycentric and geocentric strategies and then Perlmutter H V and Heenan D A (1974, P.121) included regiocentric into geocentric. These will be discussed as follows:

Ethnocentric

Personnel management focuses to a great extent on recruiting and training Parent Country Nationals (PCN) for key positions, regardless of location. The home country culture and practices are considered to be the most appropriate in managing the foreign subsidiary. The parent company maintains a high degree of control over the operation of the subsidiaries since decision-making authority is in the hands of expatriates who are dominant in key positions. The initial internalisation of a company tends to rely on the

familiar management practices. However, there are some disadvantages to implementing such strategies, such as the limited promotion opportunity for Host Country Nationals (HCN), thus such MNCs may suffer high staff turnover; there is problem of high cost to maintaining PCN, such as the adaptation of the overseas environment, the pay gap between the PCN and HCN and the high cost of PCN strain on the profitability of the subsidiary (Keeley, 2001, P.103).

Polycentric

Personnel management recognise that values, norms and customs differ from country to country and host country nations are consider the most suitable candidate for managerial positions at the subsidiary due to their knowledge of local condition. The subsidiaries are allowed a relatively large measure of autonomy although financial controls ensure that headquarters can intervene immediately if anything goes wrong. The MNC's organisational structure is decentralised. However, the polycentric subsidiary may not have the same organisational culture as the home corporate culture. The problem of PCN in headquarters is lack of international experience which makes strategic planning on a global basis much more difficult (Keeley, 2001, P.104).

Geocentric/Regiocentric

A major theme in this approach is to utilize the best managers throughout the world regardless of their nationality. The exchange between headquarters and the various

subsidiaries of information, ideas, and working methods. A geocentric firm seeks to co-ordinate decision-making between the subsidiary and headquarters. The advantages of a geocentric strategy are that HQ can use the manager's expertise because they understand the international operations of the company. It helps develop a global organizational culture, vision and loyalty. A global culture facilitates the process of developing and implementing strategic plans for the optimal use of resources on a global scale. Managers have the opportunity to work throughout the MNC's global network. However, there are some problems of implementation, such as the extra cost for the training, relocation and higher compensation systems (Keeley, 2001, P.106)

There is usually a combination of these three approaches within existing companies, but often there is one dominant attitude, which is determined by the phase of internationalisation in which the company finds itself and by its history (Paauwe and Dewe, 1995, P.84). It is important to note that these staffing strategies only apply to key position in MNCs subsidiaries (Harzing, 2004, P.252). In the example of US MNCs given by Perlmutter and Heenan (1974, P.126), Chief Executives Officers (CEOs) in US MNCs favour less ethnocentrism and polycentric but more regiocentrism and geocentrism and view the advantages for MNCs as better allocation of resources, a broader global outlook, improved exchange of information and higher group profits.

However, there is clear evidence of a 'nationality effect'; MNCs transfer their work system from parent company to subsidiaries (Brewster and Tyson, 1991). The evidence can be found in the US MNCs and Japanese MNCs. For example, HR issues in US

MNCs tend to be more centralised and formalised and export HR practices into the host country such as productivity bargaining, multi-year agreements and performance-related pay. This is to say that Anglo-American MNCs prefer a 'bureaucratic' to a 'social' mode of subsidiary autonomy (Ferner and Quintanilla, 1998, P.715).

On the other hand, firms from countries with high uncertainty avoidance (Hofstede, 1980), to be discussed more fully below, are more likely to transfer HR practices from headquarters to local subsidiaries than are firms from countries with low uncertainty avoidance because the direct transfer of practices reduces uncertainty and risks. Similarly, one might expect that firms from countries with a high power distance may centralize control; therefore would be less likely to relinquish control of HR practices to local subsidiaries (i.e. low local adaptation) than firms from countries with low power distances. Interestingly, researchers have found that firms from Japan, which are low on uncertainty avoidance and high on power distance (Hofstede, 1980), are likely to transfer home-country HR practices to host countries and pay little attention to local conditions (Ngo et al, 1998, P.634) For example, Japanese MNCs have been shown to have an 'ethno' orientation by dependence on expatriate managers to exercise control over foreign operations in order to transfer its competitive advantage. The use of parent country nationals seems the most popular strategy in international staffing (Ferner and Quintanilla, 1998 P.711*).

According to Budhwar (2004, P.7), the organizational life cycle should be taken into account, while considering cross-national examinations. Therefore, this research will

adopt Adler and Ghadar's model (1990), which is based on Vernon's product life cycle theory in which the first phrase (high tech) pays attention to the research and development of products; the second phrase (growth and internationalization) focus on developing domestic market and other countries and management control; the final phrase (maturity) mainly makes effort in price and cost reduction, and plus a fourth phase in respect to cultural aspects and human resource management, and particularly, concentrates on strategic and environmental issues, to international human resource management.

The cultural component hardly plays a role in the first phase. Management operates domestic perspective and the influence of foreign cultures is not the essential factor from the idea of a link between the phases of internationalisation, the environment and the influence of culture, which embark the appropriate HRM policies and the skills required of the managers involved for the various different phases.

Adler and Ghadar's (1990) phrases are,

first the **Domestic** with a focus on domestic market and export. It is not necessary to consider international human resource management in this stage. The recruitment criteria for international assignees are based on rather product and technical competence of the manager than the best people.

second, the **International** with a focus on local responsiveness and transfer of knowledge. International human resource management becomes apparent, while managers are assigned to posts in foreign markets to provide general management, technical expertise

and financial control, cross-cultural adaptability and sensitivity are also important. The parent country nationals (PCN) encounter cultural differences to manage foreign workers, when a differentiated approach and adaptation of the product and business methods to local circumstances. Since understanding of local circumstances is a requirement, host-country nationals (HCN) are frequently recruited for management positions in the area of sales, marketing and personnel.

third, **Multinational** with a focus on global strategy, low cost and price competition. It is highly important that integration and cost advantages are exploited worldwide, for example, the selection in this phase focuses on recruiting the best managers (geocentric) for international positions. The international HRM emphases on developing the management to share the same organizational culture, and it assumes that organisational culture overrides differences in national culture. It contributes to achieving the goal of integration, regardless of the fact that the company is operating in different geographical markets and its managers come from different countries.

finally, **Global** with a focus on both local responsiveness and cross-cultural integration. The international human resource management in this stage is centred on the requirements of global integration and national responsiveness. All three aspects above are combined and adopted. The cultural diversity plays a significant role and can be seen as an opportunity in the market and organization. International human resource management focuses on offering their best people the opportunity to develop and gain international experience so that an environment for continuous learning will be created

throughout the entire organization (Adler and Ghadar, 1990, P.245-254).

The life cycle approach invites a few criticisms. It is debatable that organizations move sequentially from one predicable stage to another. In addition, new industries or technologies might not follow the pattern of the life cycle models (Legge, 1995, P.115). This model mainly focuses on high tech industry; it may not apply to service industries. Welsh (1994, P.152-153) found that:

> "*The Service Company may be more vulnerable than the manufacturing firm, as it has not experienced that preparatory stage of exporting which allows exposure to some of the inherent difficulties involved in offshore business venture*".

2.6 Institutional and Cultural approaches to study MNCs

According to Sorge (2004, P.117), there are two major approaches in conducting cross-national comparative research on organization and human resource management: institutionalist or culturalist. Institutional factors can be seen as mainstream to explain differences between HRM in different nations, as shown in section 2.3 the contextual paradigm. It pays attention to system characteristics to explain organizational outcome. The main theme of this approach is that different rules of the game can make individuals move in different directions, even if their mental programme is the same. It is to say that individual mental programmes adopt different rules through a process of learning about specific context elements, such as professionals, social recognition and personal development (Sorge, 2004, P.122). The institutional factors of the state such as industrial

relations and political economy traditions, differences in economics, education systems, labour markets, the legislative system and the trade unions shape the HRM strategy and system within employing organization (Sparrow, 2004, P.31). For example, Porter (1985) argues that nations derive competitive advantage from a set of country factors such as the availability of resources, the size and sophistication of the market, the nature of government intervention, and the type of strategic linkages or networks.

Sorge (1995, P.110) suggests that to use a cultural approach is based on the actor, who are individuals or a collection of individuals, who are formed by the programming of the mind, from the socialization process, such as childhood, schooling and working careers that are different from one country to another. The socialization process forms the specific way of an individual identity. This so called culturalist approach was started by the work of Hofstede (1980). He argues that culture affects the individual mind and extends to the characteristics of management practices (Romani, 2004, P.161).

There had been a debate between institutional and cultural approaches, until Maurice et al (1980) generated the "societal analysis" to end the split of institutionalist and culturalist approaches. The societal effect approach for studying organizations is a systemic analysis of social action which emphasises the reciprocal interaction of people at work, work characters of jobs, systems of HRM practices, industrial relations, which can only be explored by considering historical, economical and political factors (Maurice et al 1980, P.61). The interactive relationship between system and actors is synchronicity (Maurice, 2000, P.22). The property of the system tends to load the individual choices from which

actors can choose a specific way. The actor develops a specific program of mind and the interdependence between system and actor links to the culture (Sorge, 2004, P.131-133). For example, a dominant management model will be adapted to existing mental programs and related system characteristics and then reside after acquiring a specific application or even non-application in the society.

2.7 Summary

The recognition of the important competitive advantage to be gained from a more effective management of 'human resources' has been reflected in the two models of 'hard' and 'soft' HRM, with their respective emphases on integration with business strategy and raising employee commitment. The soft model has been identified as offering insights, which will be more useful to this research.

At international level there is the likelihood that organisational values and culture will be influenced by differences in national values and culture. For this reason a universalist paradigm is rejected in favour of a more contextual approach. The European model of HRM provides an example of a contextual framework for researching MNCs in Europe, but may not be suitable to research other locations in the world, which have no strong trade union movement.

Following the work of Hofstede and others, a culturalist approach has developed alongside the more traditional institutional approach to the study of comparative

internationalization. The role of culture and how it might contribute to both national and

societal effects will be analyzed in more detail in the following chapter.

Chapter 3 Cultural value in international organisational behaviour

3.0 Introduction

This chapter will discuss cultural-value-based research, and examine its effect on the international organisation. It will discuss the cultural values related to relationships with people, nature and time as well as the way of coping with stress. Cultural values can also shape organisations into different styles. There have been some criticisms of this approach and threaten by the convergence of management, which will be discuss if this approach is the best way to carry out the research in studying Taiwanese MNCs in the UK.

3.1 The meaning of culture

After cataloguing one hundred sixty-four different definitions of culture, anthropologists Kroeber and Kluckhohn (1952, P.157) offered one of the most comprehensive and generally accepted definitions:

> "*Culture is a product; is historical; includes ideas, patterns, and value; is selective; is learned; is based upon symbols; and is an abstraction from behaviour and the products of behaviour.*"

McLaren (1998) agrees that culture is learned, transmitted by each generation to the next,

capable of constant change, transmissible, encompassing the physical and the mental, and shared by a group. In a familiar environment it helps people behave appropriately and understand the behaviour of others. Using this definition, it can be extended to cover perception, which according to Hall (1976) includes what we are going to do about something, what we see and what we are blind to: '*In its simplest sense, perception is the internal process by which we select, evaluate, and organize stimuli from the external environment.*' Culture helps mould the individual but doesn't prevent individuals varying from another within the same culture. Without understanding different cultures, people will interpret different cultural behaviour in the wrong way and there will be lots of misunderstanding in doing business (Berrell and Wright, 1999, P.578).

Therefore, culture is something that is shared by all or almost all members of some social group, the older members of the group try to pass on to the younger members and something that that shapes behaviour or structure one's perception of the world, such as morals or laws. The culture of a society reflects the complex interaction of values, attitudes and behaviours displayed by its members. Individuals express culture and its qualities through values, which in turn affect their attitudes about the form of behaviour considered most appropriate and effective in any given situation. The continually changing patterns of individual and group behaviour eventually influence the society's culture and the cycle begins again (Adler, 1997, P.14-15). Sociologists regard these cultural values as giving meaning to action (Adler, 1997; Gilbert, 2001).

A particular nation's culture develops over time and is influenced by a nation's history,

demographic and economic development, geography and ecological environment. The societal norms evolved over time, lead to the development of institutions such as family patterns and religious, educational, political and legal systems (Sorge, 1995, P.128).

3.2 Value orientations

Several scholars have extended cultural theories into business. Hall (1976), for example, contributed significantly to the understanding of intercultural value systems designating countries as possessing either high or low cultural contexts. Hofstede (1980) advocates the importance of cultural values in conducting cross-cultural research using social psychological perspectives. Hofstede's (1980) research within IBM (the Hermes project) generated a model of national cultural differences in work-related values. He found significant differences in value orientations between organizational members of different national origins in 1970s.

Trompenaars and Hampden-Turner (1997) adopt social anthropological perspectives to make sense of culture. Although Taiwan is not covered in the research of Trompenaars and Hampden-Turner (1997), overseas Chinese communities such as Taiwan and Singapore share the same culture (Yeung and Olds, 2000, P.2); therefore, the index of the cultural dimension for Taiwan could borrow from that of the overseas Chinese. In addition, anthropology has a long tradition of cultural study and they believe that culture can be measured by using a limited number of dimensions (Levi-Strauss, 1977). Trompenaars and Hampden-Turner (1997) identified seven dimensions of culture in

doing business and managing culture differences by conducting a worldwide study, which covered over 55 countries and 30,000 participants, in their book *Riding the Waves of Culture* (1997). They identified seven fundamental cultural dimensions, which are based on different cultural solutions to the relationships with other people, time and environment and how these dimensions affected the process of doing business in the different cultural context. Trompenaars and Hampden-Turner's model is similar to Hofstede's model; some dimensions are concurrent to each other as well as associated with Hall's high-low context. Similar distinctions have been made by Romani (2004, P.159), the orientations based on relationship with people, time and nature such as the differentiation between social groups. I will attempt to extract elements from these cultural theorists' categories to illustrate the degree to which the dimensions of culture can directly affect management and organisational practice in different social contexts.

3.2.1 Relationship with people

3.2.1a Differentiation between social groups

A major culture difference is that between high and low contexts, a distinction analysed by Edward T. Hall (1976, 1990). Context is defined in this case in terms of how individuals and their society seek information and knowledge. Hall (1990, P.3) also illustrates that culture is communicated by words, material things, and behaviour. Words are the medium of business, politics, and diplomacy. Material things are usually indicators of status and power. Behaviour shows how other people feel and includes

techniques for avoiding confrontation (Hall, 1960, P88). People from high context cultures obtain information from personal information networks. Low-context cultures occur where people are typically distant from each other so that information needs to be very explicit. For example, in a low context culture like those of the United Kingdom, the United States and northern Europe, most information resides in the message (Hall, 1990, P.6-7).

Hofstede's (1991) concept of power distance informs us about social inequality, including the relationships with authority. Inequality exists within any culture, but the degree which is tolerated varies between one culture and another "*all societies are unequal, but some are more unequal than others*" (Hofstede, 1980). In large power distance situations superiors and subordinates consider each other as existentially unequal. Organizations centralize power as much as possible in a few hands. Salary systems show wide gaps between top and bottom in an organisation. In small power distance situations, organizations are fairly decentralized, with flat hierarchical pyramids and limited numbers of supervisory personnel, such as UK and USA (Hofstede, 1991). Thus, management by objectives (MBO) will not work in large power distance countries because they presuppose some form or negotiation between subordinate and superior which neither party will feel comfortable with (Hofstede, 1991, P.36). MBO is associated with HRM practices such as performance appraisal, reward and compensation.

In Trompenaars' dimensions of Achievement versus Ascription, achievement awards status (to employees for example) by what they have achieved and how they have

performed. Ascriptions may not be logically connected with business effectiveness but do make good sense in predicting business performance: age and experience, education and professional qualifications. Education and professional qualifications are related to an individual's earlier schooling and training but not unconnected with achievement. For the better-educated employees it is expected that scholarly success will lead to corporate success in ascribed culture. This is a generalised expectation and may appear as "fast-track" or "management-trainee" programmes to recruit to the top of the organisation (Trompenaars and Hampden-Turner, 1997, P.102). Ascribed oriented organisations believe that senior persons have "achieved more" for the organisation. This consists of power over people and participative power. The ascription of status to persons tends to exercise power that is supposed to enhance the effectiveness of the organisation (Trompenaars, and Hampden-Turner, 1997, P.112). An ascribed culture, such as Japan, might spend very heavily on training and in-house education to ensure that older people actually are wiser for working in the corporation and for the sheer numbers of subordinates briefing them so as to self-fulfil its beliefs (Trompenaars, and Hampden-Turner, 1997, P.110). In contrast, in ascribed cultures, status is attributed to those who "naturally" evoke admiration from others, that is, older people, males, highly qualified persons and/or persons skilled in a technology or project deemed to be of national importance. The status is generally independent of task and the performance is partly determined by the loyalty and affection shown by subordinates (Trompenaars and Hampden-Turner, 1997, P.113).

Trompenaar's dimension of Specific versus Diffuse demonstrates the degree of

involvement in an organization, and is similar to Hall's high-low context. A specific culture such as America prefers to motivate employees by specific orientation, such as MBO (management by objective) and pay-for-performance. But Diffusion cultures tend to have lower employee mobility because of the importance of "loyalty" and the relationship in an organisation. Pay-for-performance might not be popular in the diffuse culture, as it says you are solely responsible for what you sold this month, but, in fact, other sales people may have helped you and your superiors may have inspired you or instructed you to act in more effective ways. You can not claim most or all of the rewards for yourself and deny the importance of relationships, including feelings of affection and respect for superiors and peers with whom you have diffuse contacts and shared private life spaces (Trompenaars, and Hampden-Turner, 1997, P.91).

Hofstede's masculinity versus femininity dimension recognizes the sexuality of roles in society, and the degree to which a society allows overlap between the roles of men and women. It anticipates the issue of the relative values which society places on the sexes, and on the roles that they carry out.

3.2.1b Preserve/rule the 'social fabric'

Trompenaar's Universalism versus Particularism identified universalist cultures as being based on rules and particularist cultures on relationships. In terms of international business, particularist groups search for satisfaction through relationships, especially relationships to the leader. The employer in these cultures tends to provide a broad range

of satisfactions to employees: security, money, social standing, goodwill and socio-emotional support. On the other hand, in those western countries, which are high in universalism, the head office tends to hold the keys to global marketing, global production and global human resource management. The logic of this universal system consists of job descriptions, qualifications and performance evaluation (Trompenaars and Hampden-Tuner, 1997, P.40-42).

In Trompenaar's dimension of Neutral versus Emotional dimension examines the degree of expressing emotion acceptable in a society and the differences in communication in organizations. For example, in the North America and northwest Europe business relationships are typically instrumental and all about achieving objectives. However, in south Europe, business is a human affair and the whole gamut of emotions is deemed appropriate. Thus, there are a variety of problems of communication across cultural boundaries, which arise from the differences between affective and neutral approach. Western society has a predominantly verbal culture and communicates with paper, film and conversation. They become nervous and uneasy once they stop talking. Hall's research has shown that at least 75% of all communication is non-verbal, such as touching other people, the space it is normal to keep between you, and assumptions about privacy are all further manifestations of affective or neutral cultures.

3.2.1c Individual's relationship to social groups

Individualism versus Communitarianism (Trompenaars and Hampden-Tuner, 1997) or

Collectivism (Hofstede, 1991) dimension describes the degree to which people regard themselves as individuals or as part of a group. International management is seriously affected by individualist or communitarian preferences within various countries. Negotiations, decision-making and motivation are the most critical areas as well as promotion for recognised achievements and pay-for-performance. For example, Communitarian decision-making typically takes much longer to win over everyone to achieve consensus. The decision-making process in individualistic cultures is usually very short. In addition, in the individualistic culture, organizations are essentially instruments. Members of organisations enter relationships because it is in their individual interest to do so. Authority originates in an individual's skill at performance tasks, and an individual's knowledge is used to make the organizational instrument work effectively. In communitarian cultures the organization is a social context which all members share and which gives them meaning and purpose. Organizations are often seen as a large family, community or clan which develops and nurtures its members and may live longer than they do. Communitarian decision-making typically takes much longer and there are sustained efforts to win over everyone to achieve consensus. They will usually consult with all those concerned due to pressures to agree collective goals in order to achieve consensus. For example, the Japanese *ringi* process, where proposals circulate and are initialled by agreeing participants, is the most famous example of communitarian decision-making, but it can lead to very lengthy delays. The individualist society respect for individual opinions, will frequently ask for a vote to get all noses pointing in the same direction. In individualistic societies there is frequently disparity between decision and implementation (Trompenaars and Hampden-Tuner, 1997, P.60-61).

Individualism pertains to societies where the personal ties are loose: everyone is expected to look after their individual interest and the interest of the individual's immediate family. Employment can usually remain short-term; if incentives or bonuses are given, these should be linked to an individual's performance, such as UK and USA (Hofstede, 1991, P. 49-56). In a collectivist society, people from birth onwards are integrated into strong, cohesive "in-groups", which throughout people's lifetime continue to protect them in exchange for loyalty. The extent to which people actually feel emotionally integrated into a work group may differ from one situation to another (Hofstede, 1991, P.66). Hofstede (1991, P.60) found Collectivist culture is associated with Hall's high-context culture and individual culture is related with low context culture. High-low context also relates to use of time to communicate to each other. For example, a high-context communication is through the interaction of people. This type of communications is frequent in collectivist culture.

3.2.2 Relationship with Nature

Inner-directed cultures believe that they know what is right and that they have a soul or inner core of purity and integrity. On the other hand, the outer-directed culture directs its members to follow nature (Hampden-Turner and Trompenaars, 2000, P.234). For example, Akio Morita of Sony explained that he conceived of the notion of the Walkman while he was searching for a way to enjoy music without disturbing others. This is in sharp contrast to the normal motivation for using a Walkman in west Europe, where most

users do not want to be disturbed by people (Hampden-Turner and Trompenaars, 1997, P.145). In addition, motivations and values are derived from within. In inner-directed, the notion of business strategy is that it is a plan designed in advance to extract competitive advantage from other corporations.

3.2.3 Time orientation

Attitudes to time and the way societies look at time differs. It is important to know whether time is viewed as sequential, a series of passing events, or as synchronic, with past, present and future all interrelated so that the future idea and the past memory both shape present action. Hall (1990, P.13) divides time into monochronic and polychronic time. Monochronic time means paying attention to and doing only one thing at a time. Because monochronic time concentrates on one thing at a time, people who are governed by it don't like to be interrupted. Time becomes a room, which some people are allowed to enter, while others are excluded. In addition, it can be found in low context countries (Hall, 1960, P.89). Trompenaars and Hampden-Turner (1997, P.124) illustrate that the synchronic method requires that people undertake various activities in parallel, so that synchronic time is similar to Hall's polychronic time. High-low context also relates to the use of time to communicate to each other.

By contrast, polychronic time means being involved with many things at once. It is characterised by simultaneous occurrence of many things and by a great involvement with people. There is more emphasis on completing human transactions than on holding

to schedules (Hall, 1990, P.14). For instance, in Arab East society, time does not generally include schedules as Americans know and use them. The time required to get something accomplished depends on the relationship (Hall, 1960, P.88).

Enterprise management may have to choose between doing things quickly, in the shortest possible sequence of time; or achieving the synchronisation of events over time such that the achievement of those events is co-ordinated, and co-ordinates with other events which are related within a wider context, for example, American corporations take a short-term view of their business. In synchronic organisations, on the other hand, the employees establish a relationship with the supervisors and see that relationship developing over time and accumulating knowledge and mutuality (Trompenaars and Hampden-Turner, 1997, P.132)

3.3 The effect of national culture on organisations

These dimensions of national culture can reflect on the organizational culture, which shapes the organizational structure and processes. For example, Dastmalchian (2000, P.388) studied thirty-nine Canadian and forty Korean organizations and found that some aspects of organizational culture were related to the differences between the national cultures (Korean versus Canada); industry and contextual variables do contribute to a significant extent to the perception of organizational culture.

Steven (cite in Hofstede, 1991, P.143) used as an examination assignment for his

organisational behaviour course a case study for INSEAD MBA students. In addition, Laurent's (1986) model also conducted in INSEAD presents national cultural differences in how the structures of organisations were perceived. Both researchers have a similar idea about the classification of the organization reflecting differences regarding power and uncertainty in the views of organisations as systems of hierarchy, authority, politics and role of formalisation (Trompenaars and Hampden-Turner, 1997).

3.3.1 The pyramid of people

In large power distance and strong uncertainty avoidance countries, organizations tend to be structured as pyramids: decision-making and control from the top, for example France (Steven cite in Hosted, 1991, P.143). The general manager is at the top of the pyramid, and each successive level at its proper place below. Similarly, the *Eiffel Tower* model emphasises the task orientation and hierarchical structure and well-defined roles and relationship (Trompenaars and Hampden-Tuner, 1997, P.157-168).

Laurent's work made a further distinction between "*Organisations as authority systems*" associated with the conception of hierarchical structure as being designed to specify authority relationships, a perception of authority crisis in organisations and an image of the manager as a negotiator. National culture strongly affects the popularity of such conceptions. For instance, French, Italian and Belgian managers state a social concept of authority that regulates relationships among individuals in organisations (Laurent, 1983, P.83). The dimension of "*organisations as political systems*" clusters three items dealing,

respectively, with the political role played by managers in society, their perception of power motivation within the organisation and an assessment of the degree to which organisational structures are clearly defined in the minds of the individual involve. In countries, such as France and Italy, where managers report a stronger perception of their political role in society, and they also emphasise the importance of power motivation within the organisation and report a fairly unclear notion of organisational structure (Laurent, 1983, P.79).

3.3.2 The well-oiled machine

In this model, management intervention is limited to exceptional cases because the rules should settle all daily problems. "***Organisations as role-formalization systems***" focuses on the importance of defining and specifying the functions and roles of organisational members. The clear and efficiency value that can be obtained by implementing such organisational devices as detailed job descriptions, well-defined functions and roles for example in Germany (Laurent, 1983, P.85).

3.3.3 The village market

In this model of the organisation, the demands of the situation determine what will happen. In the small power distance and weak uncertainty avoidance countries, organizations tend to lack of decisive hierarchy and possess more flexible rules. Problems in this organizational form are solved primarily through negotiation, for example in the

UK and USA.

3.3.4 The family

The owner-manager as the all-powerful person will resolve the conflict, thus authority is centralised. The family culture is personal with close face-to-face relationships, but it also reflects a hierarchical and power-oriented culture in which the leader is regarded as a caring father. Family style culture tends to be high context, a *team*, which reflects to the sheer amount of information and cultural content taken for granted by members. Relationships tend to be diffuse and power is political in the sense of being broadly ordained by authorities (Trompenaars and Hampden-Tuner, 1997, P.157-168) "*Organisations as hierarchical-relationship systems*", the goal of eliminating conflict from organizations is associated with the belief that a manager should definitely know more than his/her subordinates. For instance, The Asian Pacific managers think the manager should be a specialist able to provide convincing answers to technical questions. Furthermore, they may restrict questions to topics on which they know that they are technically competent to answer. Organizations as hierarchical relationship systems may affect the structuring of organizations in different countries and have implications for the transfer of organizational forms across cultures. For example, the manager who can't answer a subordinate's' questions loses status. The loss of status would danger the security and stability of the entire groups and also the interests of its individual members (Laurent, 1983, P.85).

3.3.5 The incubator

Organisational culture is both personal and egalitarian in orientation with little structure, and provides incubators for self-expression and self-fulfilment. The role of people is crucial for innovation and creation in product or service (Trompenaars and Hampden-Tuner, 1997, P.157-168).

3.4 The critique of national cultural research

Limitations to the bases of these models, for example Laurent's work reflects his French cultural identity. The French think that organisations are necessarily political in nature. When asked to diagnose organisational problems, French social scientists and consultants typically start by analysing the power relationships and power games (Schneider and Barsoux, 1997, P.88). The second limitation of the findings stems from the limited number of countries represented in the sample. Thirdly, Adler et al (1989) found her data collected from China indicates a Western bias in some of the dimensions. Finally, the survey sample only focused on small groups of managers attending executive development programs at INSEAD (Laurent, 1983, P.88).

Hall builds his model on qualitative insights without precisely ranking different countries in terms of high or low cultural contexts. No country exists exclusively at one end of the scale, and all countries exhibit high-context cultural behaviour and low-context cultural behaviour (Mead, 1994, P.60).

There has been some disagreement over Trompenaars' seven dimensions. For example, universalism and particularism can be found in the same person. Similarly, all nations may also combine both individualist and collectivist orientation to some extent, especially, after globalisation and industrialisation. For example, Japan belongs to a diffuse culture, which would normally give a preference to collective reward. However, the study of Deodoussis (2001) shows that the white-collar workers are changing to performance-based-pay in Japan. However, although there are variations within countries, due to industry and corporate culture, as well as individual styles of key managers, Trompenaars and Hampden-Turner's organisational model can explain, not only which countries prefer which corporate culture, but also differences between sectors and industries. For example, an incubator culture could be suitable for innovation industries or departments, such as R&D departments or computer software sectors. The above research findings point to different cultural profiles of organisation. These cultural profiles provide a starting point to explore different structural preferences and to begin to anticipate potential problems when transferring practices from one country to another or in forming join ventures and strategic alliances (Schneider and Barsoux, 1997, P.92).

Hofstede's (1980) dimensions have been extensively invoked by researchers to help explain cross-cultural differences (Smith and Bond, 1993), although his study has not escaped criticism. Firstly, according to Smith et al. (1996), the range of countries sampled can theoretically affect the dimensions emerging from studies of this type, and Hofstede notes the lack of samples from (former) Communist nations. For example, Fernandez et

al. (1997) classified China as a country strong in uncertainty avoidance in the present study, and they think this finding may reflect the communist roots in common with the former Soviet Union.

Another criticism is that values sampled were not comprehensive, so that the dimensions identified may not be exhaustive (Smith et al., 1996). The cultural homogeneity cannot be taken for granted in countries, which have diverse groups, such as, US and Belgium (French and Flemish culture).

Thirdly, there are conceptual and methodological problems. The problems arise in applying a single concept like collectivism across a whole culture, which might have different connotations. For example, the Japanese are loyal to their organisations and so are the Chinese to their families. Fourthly, because of the cultural bias of researchers, the composed of Europeans and Americans, the questionnaire and analysis made of the answers reflect Western concerns and have had less relevance to other cultures. Sixthly, the findings may be out of date, for example, Yugoslavia no longer exists and broke apart because of cultural incompatibilities (Mead, 1994, P.73-75). Finally, Hofstede's study (1980) has also been criticized on the basis of the samples drawn from the national cultures, because all respondents shared a common corporate culture, which distinguished them from the broader national populations from which they were drawn.

A more wider ranging criticism of the role of national culture is to argue that culture may be of declining significance because of globalisation and world trade where free flows of capital are providing the vehicle for the dissemination of a variety of management practices through numerous countries and cultures (Floyd, 1999, P.631). Globalisation is a new form of convergence model which could suggest that national cultures do not play such a role in international management as they did when Hofstede (1991) did his research about 30 years ago. To test this by replicating Hofstede's would require a large scale project to gather data over time, across different employment sectors and from a representative source of developed and developing countries. Such a project would clearly be outside the scope of this research. It could be argued that even if convergence was occurring we would not see the result for many years. We can however test for the influence of cultural values within Taiwanese managers' behaviour at the present time.

The organizational culture in the parent company is likely to transfer to the host country in order to sustain competitive advantage, for example, American MNCs (Hendry and Pettigrew, 1990, P.18). Also Japanese work just in time practices can be found in the UK plants of Nissan and Toyota (Basu and Miroshnick, 1999, P.714). The organizational culture in MNCs can actually make certain structures and processes in different countries more similar, which indicates a counterpoint against social influence. In addition, MNCs are often followed by the transfer of technology and management practices through expatriates or the implementation of a certain management style, which reflected its country of origin and so called "organizational effect" (Mueller, 1994, P.417). However, International management and HRM studies argue that the important factor of the local

environment also needs to be considered. According to the research of Hoftstede (1991), national culture in a subsidiary is marked even in the company with strong organizational culture (IBM). For example, Faulkner et al (2002, P.120) found that Japanese MNCs tend to adjust their HRM policies to suit the local context, so their attitudes tend more towards British ones in UK subsidiaries, than if they were operating in Japan. The question lies in whether MNCs can transfer their organizational culture without concern for the host country's different societal effect.

Hofstede (1980) subsequently accepted the criticism that his dimensions were only based on Western concepts and the questionnaire should have included Eastern concepts. Therefore, in subsequent work and in his work with Bond (1988) he used Bond's Chinese Value Survey (CVS). They found that the uncertainty avoidance index was not suitable for East Asia, but the other three dimensions were strongly correlated to CVS. Moreover, they found one more dimension – the Long-term vs. Short term dimension - from the CVS. Therefore, this thesis will adopt both western cultural values and Chinese cultural values in the survey. Wu and Sparrow (1998) argue that cultural value study should adopt the contingent approach rather than the bipolar cultural dimension approach (Romani, 2004). In the next chapter, the researcher will utilize key characteristics in Chinese/Taiwanese culture affecting management behaviour and will use this as a framework to identify how Taiwanese nationals manage human resources in the UK.

3.5 Summary

Much of the discussion of cultural difference has been expressed from the perspective of Western MNCs having to adjust their management style when entering culturally different societal environments. As, in the last two decades, an increasing number of MNCs have been headquartered in non-Western nations this perspective is clearly insufficient. Before this thesis examines the case of Taiwanese companies it will be first necessary to look at the nature of Chinese management values and then the experience of what was historically the first major 'reverse flow', that of Japanese companies in the West.'

Chapter 4 Chinese cultural values and management practices

4.0 Introduction

The Chapter will try to establish a suitable conceptual framework with which to study the Chinese cultural value associated with HRM practices in the Taiwanese MNCs operating in the UK. This will first explore the background of Chinese management such as harmony, trust, *guanxi* in domestic contexts and internationalisation.

4.1 The background of Taiwanese management

There are certain key historical social influences on the development of management practice in overseas Chinese society (Hofstede and Bond, 1988; Chen, 1995 and Orru 1997). The term "overseas Chinese" usually includes Chinese national abroad, Chinese born abroad with status as a citizen in another nation, and residents of Taiwan, Hong Kong, Macau, and the host countries throughout East and Southeast Asia (Yeung and Olds, 2000, P.2).

The overseas Chinese share a great deal of common heritage such as firstly, the cultural influence: a powerful system of Chinese education, such as Confucian virtues, familism, filial obedience, respect to authority and diligence. Wilkinson (1996) argues that in Weber's analysis of Protestantism as the best religious foundation for capitalism he saw kinship, filial piety and familism as barriers to economic development. However, theories

of Chinese Capitalism suggest that the basis for the Asian miracle economy lies in Confucianism. The traditional family values and structures transfer into the business organization construct giving a legitimising framework and a distinctive managerial ideology (Hamilton, 1997; Chen, 1995).

Secondly, the institutional influence: Chinese social organizations foster a socio-cultural ethic, which promotes the business trust through formulating behaviour and supporting Chinese cultural values (Liu, 2000, P.112). While Taiwan shares these general underlying features of Chinese management practice, it has also been influenced by additional historical and political factors. For example, the institutional influence in Taiwan is directly affected by being a Japanese colony for fifty years; the close ties with the USA after WWII; the state involvement in important sectors such as banking; the government's direction of industrial development, such as, the science parks for IT industry and its internationalization; and the advanced technical education in the USA for key players (Redding, 2000, P.46, King, 1996, P.234-236).

Finally, the foreign political influence: Taiwan directly continues to be threatened from China (Redding, 1991, P.33), and to fight for its political identity. A big issue for many Taiwanese is the tension of either merger with Mainland China or complete independence. China continues to declare its willingness to use military force to solve the problem, if Taiwan declares independence. With the continuous threat from the outside, the country cannot totally control its future. Therefore, it has been suggested that Taiwanese people tend to develop certain characteristics such as anxiety, insecurity, flexibility, a short-term

orientation and greater sensitivity (Fu et al, 2004, P.34).

4.2. The Chinese Value System and its implication in managing human resources

The most influential approach in the study of overseas Chinese capitalism, and how it differs from Western capitalism, is the so-called 'cultural' explanation for the East Asian 'economic miracle' (Yeung and Olds, 2000, P. 12). The components of Chinese culture include the Confucian and Taoist (Sun-Tzu) philosophy (Chen, 1995, Fan, 2000), which influence the managerial behavior in Taiwanese MNCs. Most East Asian managerial and work cultures are based on collectivism, which helps explain norms of reciprocity, unspecified trust, benevolence and teamwork, because it is rooted in Confucianism, and it is emphasis on the theme of harmony (Zhu et al, 2000, P.32).

4.2.1 Harmony

Confucianism and Taoism emerged in the Han Dynasty (206 BCE-220 CE). They both are based on the ideology of unity of humanity. However, Confucianism has a more ethical political orientation, while the emphasis in Taoism is on the mysterious and spiritual. Taoism teaches that the only way to unity is to follow the natural law, while Confucians believe it is self-cultivation and harmony (Yao, 2000, P.229).

Hamilton and Biggart (1997, P.133) using a cultural explanation indicate that Japanese, Korean and Chinese society have common patterns, similarly, Rowley et al (2004, P.917)

promote the Asian model of HRM. However, as will be seen in more detail later in this chapter, Japanese and Korean etc. culture may be distinguished from the overseas Chinese in many respects such as in industrial relations and HRM, where the emphasis is on harmony in the workplace (Ng and Warner, 1999, P. 240). For example, Smith (1996, P.158) explains a difference between the role of Confucianism in China and Japan. Confucianism is the only way of life for Chinese social and political order, while the Confucianism and Buddhist have been promoted as alien religions and philosophies in Japan, where the concept of authority places emphasis on commitment to centre, on hierarchy, and on groupism (Eisenstadt, 1996, P.178). Most of the Chinese management studies, principally, refer to the cultural influence from Confucianism and Taoism. Buddhism (Chen, 1995, Hofstede, 1991) is largely dismissed as some of its ideology is against Confucianism, for example the Monks have to shave their heads a part of temple discipline, but Confucius said everyone's body belonged to his/her parents, they shouldn't damage it, that is filial duty. Therefore, it limits the influence of Buddhism in China (Eisenstadt, 1996).

> *"The Tao gives birth to all actions.*
> *Character raises them,*
> *Matter shapes them.*
> *Circumstances complete them."*
> *–Tao Te Ching (Daodejing, 51)*

Taoism emphasises the interaction of every human being and everything in the world. Each entity will include varying internal elements, which are yin and yang. Harmony must actively be maintained between these elements in order to secure the entirety

(Morden, 1999, P.36). Tao not only deals with the truth of the oneness, but also the tendency for change of the oneness. All things in the world originate at one source and they are different but interrelated. They alter continually for compatibility with the laws of nature. Human behaviour is motivated from the same place, just like the two sides of a coin; for example, there is essentially no difference between goodness and evil, it just depends on the circumstances (Chen, 1995, P.40).

In Confucianism, rules indicate the social behaviour of every individual and govern the entire range of human interactions in the society. These are summed up in *the Five Constant Virtues*: humanity, righteousness, propriety, wisdom and faithfulness. Confucius identified five types of the fundamental human relationships, so called *Wu Lun*. They are the basic rules to deliver the best settlement for both parties, which must be followed to ensure a harmonious society (Fan, 2000, P.4).

Table 4.1. *Wu-Lun*

Five cardinal relationships	Principle
Ruler and subject	Loyalty and duty
Father and son	Love and obedience
Husband and wife	Obligation and submission
Older brother and younger brothers	Seniority and modelling subject
Friend and friend	Trust

Source: Fan (2000, P.4).

These relationships are based on differentiated hierarchical order among individuals. Hence, a Confucian famous saying goes "*let prince be prince, subject be subject, father be father, son be son.*" The five fundamental relationships can also be classified into predetermined relationships (such as father-son and brother-brother) and voluntarily constructed ones (such as friend-friend relations) (Chen, 1995, P.56). Among these five relationships, three of them are family relations, which clearly show the importance of family in Chinese society and account for its paternalism. When they are applied to management, the first (ruler and subject) and last (friend and friend) relations lead to a paternalistic management style (Fan, 2000, P.5). A long-term employment is a desirable practice, which derives from the principle of Confucianism, in which the relationship between ruler and subject indicates the foundation of loyalty and duty. However, the figure 4.1 indicates the core members close to the owner in the Chinese organization can be trusted. Actually, non-family members and ordinary employees often feel as if they are outsiders, and thus have a low degree of loyalty and a low level of responsibility (Chen, 2004, P.76), please see the section 4.3 for a more detailed discussion of familism.

Harmony is created within an organization by selecting people with common values and compatible personalities. For example, Hempel and Chang (2002, P.90) interviewed 20 companies in Taiwan and found that one of the most important criteria in the selection process was whether the applicant would be able to work together harmoniously with the existing employees. This requirement is prompted by a belief that harmonious working relationships are desirable as an objective in themselves, as well as by the observation that Chinese have difficulty in handling conflict in an impersonal fashion. Taiwanese

managers have chosen to rely on the personal introductions and recommendations of people who they know and trust. In addition, Huang (2000) found that Taiwanese firms emphasize the factor of internal equity when designing their compensation systems as well as encouraging cooperative, interdependent behaviours, which leads them to set up group criteria for job appraisal. Harmony and hierarchy (from the *wu lun*) make open and frank discussion of individual performance problems difficult (Hempel, 2001, P.210).

To conclude, harmony is the central theme embedded in Taiwanese organization in Taiwan, which encourages co-operative spirit and group reward. It is therefore possible that the Taiwanese MNCs in the UK would regard harmony as an important factor in their UK subsidiary, while British employees may not feel motivated because of the traditional emphasis on individualism in British working practices.

4.2.2. Trust

Society is seen with mistrust (Redding and Hsiao, 1995), thus, as will be seen below, people need certain strategies, - such as the concepts of *guanxi* and *renquing* - to ease the insecurity and to build trust. In Taiwan, personal trust is the first principle and fundamental mechanism, which makes personal relationships work. It seems to be unfeasible for an employer to hire a top manager with whom he is not familiar. This person must be either personally known by the boss or he/she must be introduced by a person whom the boss trusts (Orre et al., 1997, P.2).

However, there is no guarantee that people will be automatically trusted. It depends whether they can demonstrate their achievements in order to gain trust. This type of trust is certainly particularistic, but it is not only based upon ascribed relationships alone, but rather on achieved relationships. Certainly, persons with ascribed relationships have certain advantages in obtaining 'personal trust', because they have more opportunities to develop a trusting relationship. In order to obtain trust persons have to demonstrate certain qualities such as good performance. These rules are not objectified, but are usually well recognized by the people involved. Thus, the successful business relationships are only those that are based on intimate and trustworthy *guanxi*. 'Personal trust' is a fundamental mechanism, which makes personal relationships work (Kao, 1991, P.67-70). *Guanxi* can be seen as a means to get an opportunity to build personal connection, and trust is the most important factor to establish the relationship. For example, Hsu and Leat (2000, P5) found that friends and relatives are commonly targeted in recruitment especially in the recruitment of entry-level employees in Taiwan.

4.2.3. *Guanxi*-the trust mechanism to achieve harmony

The Chinese social system is classified as a relation-based system, which focuses on the special relations between individuals (Chen, 1995, P.58), and which is based on reciprocity (Child, 2000, P.65) in order to achieve harmony. Good relationships are based on co-operative behaviour among members of the community (Yeung and Olds, 2000, P.12). In Chinese societies, *guanxi* can be defined as "*a friendship with unlimited exchange of favours*", which means if two people share a *guanxi* relationship they feel

fully committed to each other (Orru, 1997, P.28). Having the right personal connections eases and improves social relations in the conducting of business activities, for example, the right connections can bring cheap and reliable material supplies, approval to sell goods domestically or for export, and provision of assistance when problems arise (Orru et al 1997).

As most of the Chinese family businesses are small and managed by core family members they are heavily dependent on business opportunities and credit lines provided by their *guanxi* network. To make *guanxi* work for him, a Chinese businessman must complete his obligations, try to be loyal to his friends, do favours and maintain a reputation for fairness. He will try hard to maintain the image of a person who can be fully relied on and will always reciprocate (Chen, 1995, P.59).

Figure 4.1. A theoretical model of face and favour in Chinese society
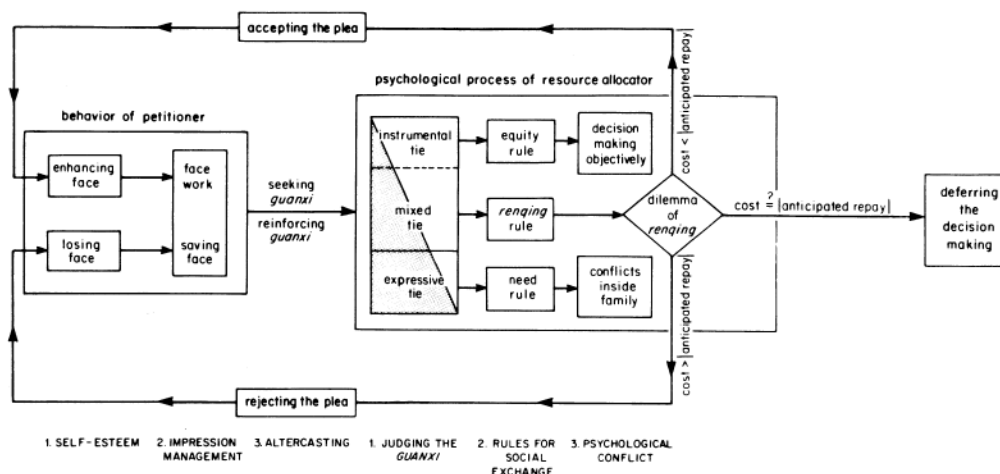
Source: Hwang (1987, P.948)

As shown in the figure 4.1, Hwang (1987, P.947-953) categorizes *guanxi* into three levels of social connection: expressive ties, mixed ties and instrumental ties. The closest ties in *guanxi* are expressive ties, while the most fragile ones are instrumental ties. *Expressive* ties apply to family members and close relatives, who are expected under the rule to fulfil the needs of the family and other family members. *Mixed* ties refer to the relationship among neighbours and friends, and include both expressive and instrumental components, with a strong expectation of temporal continuance. While the term is typically translated into the English as 'connections', this is an incomplete understanding of the concept. The social rule that governs these social and business interactions is known as *renqing*, which means that an individual emotionally responds to the various situations he/she faces in daily life. Second, *renqing* means a resource that an individual can introduce to another person in the course of social exchange. Finally, *renqing* means a set of social norms which one has to tolerate in order to get along well with other people in Chinese society, for example, one should keep in touch with the contacts in one's societal network and when a member of one's network gets into trouble and encounters a difficult situation, one should sympathize, offer help, and do a "*renqing*" (being kind, benevolent, righteous, or give regard to the feelings of other people) for that person. Face follows from the *renqing* rule, since this allows the preservation of social harmony, and together they provide an effective social mechanism to prevent interpersonal conflicts (Lou, 1997).

Shaw et al (1993) explain that Confucianism stresses the value of harmony urging individuals to adapt to the collective to control their emotions, to avoid conflict and to

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maintain inner harmony. Harmony is found in the maintenance of everybody's face in the sense of dignity, self-respect, and prestige. Social relations should be conducted in such a way that everybody's face is maintained. Paying respect to someone is called "giving face". In another sense, "face" is a key component in the dynamics of *guanxi* (Chen, 1995, P.54). From the figure 4.1, the relationship between *guanxi* and face is intertwined and complicated. Face has two dimensions, i.e. *lian* and *mianzi*. If one doesn't follow the rule of *guanxi* carefully, one loses in both dimensions; if one follows the rule of *guanxi* carefully, one gains in two dimensions. In terms of establishing *guanxi*, the connection network seems to have a more direct relationship with *mianzi*. The more *mianzi* one has, the easier it will be to establish and develop one's relationships (Chen, 1995, P.62). For example, A has *guanxi* with B and B is a friend of C, then B can introduce or recommend A to C. Otherwise, it is impossible to bridge the relationship between A and C. For this reason, formal business correspondence is unlikely to receive a reply until direct personal contact has been established. The success of transferability depends on how satisfactory B feels about his *guanxi* with A and C, respectively (Lou, 1997).

The application of *guanxi* presents in two perspectives: the horizontal business relationship and vertical relationship. In the horizontal relationship, *guanxi* is considered as a source of competitiveness because it provides entrepreneurs with information, business opportunities and resources in term of social capital, knowledge and government's favorable attitudes and decisions. It is also assumed to be able to provide not only information about business opportunities for value creation, but also a basis for trust and compatibility of business philosophies by its members. The information gained through a network may help in the initial steps that partners take when entering into a

co-operative arrangement. High trust is sustained by honesty (Zhang and Bulcke, 2000, P.131; Morden, 1999, P 37). *Guanxi* is very personal. *Guanxi* in organizations is originally established and continues to build upon personal relationship; when the person leaves, the organization loses that *guanxi*. It also interesting to note that *guanxi* is essentially utilitarian, for those who are no longer considered profitable to know, *guanxi* is easily broken (Lou, 1997).

Let us discuss the vertical *guanxi* from an employment relation point of view. Zhu and Warner (2000) explain employment relations translate "*laouzi guanxi*" in Chinese, which demonstrates that *guanxi* is an important mechanism in Chinese society. People management tends to be decentralised, because management stress the importance of personal relationships between the manager and the employees. Personal relationships through *guanxi* builds the socio-economic network to which one resorts for most business needs such as recruitment of employees, mobilisation of financial resources, creation of sub-contracting relations, the meeting of bureaucratic and political demands, and location of markets. For example, managers try to employ friends and friends of friends, relatives and relatives of relatives; by this means the employer-employee relationship overlaps with a more personal bond (Hamilton, 1997, P.269). Whilst subordinates should seek to protect and give face to the superior, the superior should also take care not to damage the face of subordinates (Westwood, 1997, P.456). It is worth stressing that the *guanxi* of employment relations is not based on reciprocity but rather on obedience, with the subordinate in the hierarchical relationship necessarily obligated to obey the superior (Hamilton, 1997, P.270).

The vertical *guanxi* represents the *guanxi* related to human resource management. For example, Shaw et al (1993) found that Chinese firms might be less likely to have extensive performance appraisal and feedback systems than will Anglo-American firms due to the importance of '*face*' and the Confucian emphasis on age rather than achievement as an indicator of respect and authority. "*Face*", as '*an image of self delineated in terms of approved social attributes*' (Shaw et al, 1993) is a universal phenomenon, but it may be argued that it has particular importance for the Chinese. As a result, in social interactions great care has to be taken to maintain 'face' and to refrain from damaging the '*face*' of others. Thus, the Chinese regard it as shameful to disturb group or interpersonal harmony, a sensitivity which is developed and reinforced through child rearing practices based upon shame techniques and group loyalty. The reciprocity has an influence on reward in Taiwanese firms in Taiwan, where the reward system of major Taiwanese enterprises has adopted a conventional year-end bonus system. The bonus system dates back to pre-modern agricultural society in Taiwan, which emphasized gift exchange between the owner/manager and the employees of the firm at the end of each year. This tradition has been broadly accepted and has continued into the industrialized era (Cin et al, 2003 P.922). In addition, the institutional influence in Taiwan, Provision 267 of company law, indicates that companies should reserve 10-15 per cent of the newly issued company stock for its employees to purchase in advance, when issuing new stock (Cin et al, 2003. P.925).

4.3 Familism

The Chinese culture value of Familism has worked through the social structures that affect organizations. Rules govern the stabilizing and legitimising of authority or the vertical dimension of order and they govern the stabilizing of co-operation. In the Chinese case, the norms for vertical relationships are based on the Confucian ethic (Redding, 2000, P.42). As shown in the figure 4.2, in the vertical control, each firm has a person who formally occupies the position of manager (*jinli*), who may not be a family member and, in fact, often is not and is usually a "professional" manager, in terms of either education or experience. These firm managers, in turn, are seldom linked into a large formal management structure beyond the firms. In this way, day-to-day management of firms is separated from the actual control of the group. Management is defined as a lower-level activity and it remains distinct from all long-term decisions in an organisation. All types of decision-making remain in the hands of the owners and those in the inner circle. Therefore, management tends to be formal and localised to each firm, while control tends to be informal and spans the group of family owned firms (Hamilton, 1997, P.264).

Figure 4.2 Organisational structure of the Chinese Managerial System

```
                    ┌──────────────────┐
                    │   Stockholders   │
                    │    The Family    │
                    └──────────────────┘
        ┌───────────────────┼───────────────────┐
┌───────────────┐   ┌───────────────┐   ┌──────────────────┐
│ Entrepreneurial│   │   Custodial   │   │    Managerial    │
│   Functions    │   │   Functions   │   │    Functions     │
│                │   │               │   │     (Jinli)      │
│ Selected Family│   │ Trusted Family│   │   Professional   │
│    Members     │   │   members     │   │   Managers and   │
│                │   │               │   │ Technical Experts│
└───────────────┘   └───────────────┘   └──────────────────┘
```
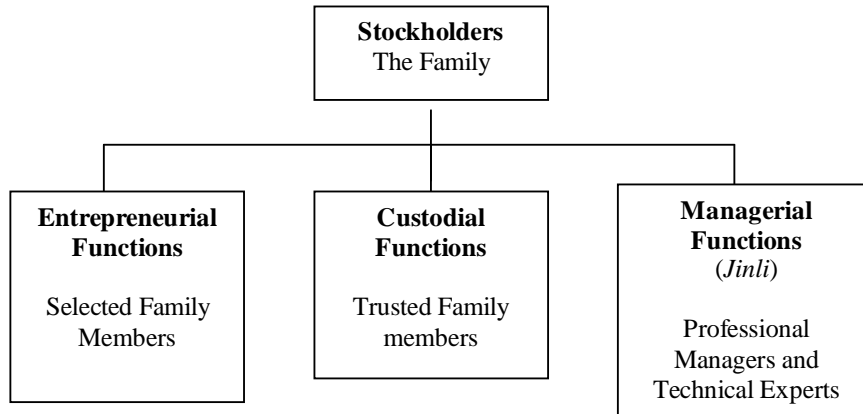
Source: Redding (1991 P.43)

These overlapping hierarchies form around a handful of key persons in the business groups into an inner circle. The inner circle consists of those few key people toward whom the principal owner feels that greatest degree of trust and confidence. Ordinarily, the inner circles of business groups consist of the owners and a few close family members, but often include long-time business associates. The core group and the segmentation of firms and managerial positions in the business groups strengthen the control of owners and their confidants and lessen the possibility that their centrality can be challenged successfully (Hamilton, 1997, P.265). However, when the firm transits into a larger and more professionally managed firm, this form usually demands the development of decentralised decision-making and the adoption of more structured control system (Redding, 2000, P.36). However, Hamilton (1997) argues that no matter what is the firm's size, family control is the centre of the Chinese management character. The question arises here as to whether such management strategy could apply in subsidiary governance.

Looking more closely at the outsider manager's transition into an insider decision maker, the major criterion for recruiting people and for selecting business partners is 'personal trust' as the first principle. Not only the outsider managers but also sons and relatives of the owner have to undergo this same process. What are the characteristics of trust? (Please see 3.2.2. trust). Because society is generally seen as lacking institutional trust, the moral strictures are very important to build personal webs in order to secure the business (Redding, 2000, P.43; Redding 1996, P.315). Thus, it is to say that non-family member and ordinary employees often feel as if they are outsiders, and thus have a low degree of loyalty and feel a low level of responsibility (Chen, 2004, P.76).

Following economic development, the business systems of the ethnic Chinese are combining with outside influences. The beneficial influences have got mainland China into the global economy and given access to new technology such as production and information and managerial practices, which forces organizational convergence (Redding, 2000, P.52; Child, 2000, P.31). Particularly, a largely North American activity has become adopted not only in organizations but also in academic, consultancy practices, business media and training agencies (Redding, 2000, P.48).

It is interesting to note that none of this appears to change the most fundamental aspect of the firm's familistic nature. For example, Acer Group based on its original growth on selling its own brand of computer in the Taiwanese market but now has operation worldwide and is one of the largest personal computer companies in the world. Acer's employees are encouraged to win shares of company stock, and the company's emphasis on employees' education, training and development, decentralized decision-making,

doing its own R&D, and creating its own brand name have become highly praised models for other enterprises in Taiwan. Yet the CEO and founder Stan Shih still attributes many of the company's greatest strengths, especially the stability of its senior managers, to traditional Chinese culture (Hsu, 1999).

Figure 4.3. The company motto of Acer

- Thrift ensures survival
- A high, even irrational, level of savings is desirable, regardless of immediate need.
- The only people you can trust are family-and a business enterprise is created as familial life raft.
- The judgement of an incompetent relative in the family business is more reliable than that of a complete stranger.
- Obedience to patriarchal authority is essential to maintaining coherence and direction for the enterprise.
- Investment must be based on kinship or clan affiliations, not abstract principles.
- Tangible goods like real estate, natural resources, and gold bars are preferable to intangibles like liquid securities or intellectual property.
- Keep your bags packed at all time, day or night.

Source: Hsu (1999, P.191)

Control and co-ordination are important in sustaining the competitive advantage of transnational companies and their overseas operations (Yeung, 2000, P.102), in which expatriates are seen as agents to bridge between HQ and the subsidiary. Thus, the next

section will discuss the model of Chinese leadership and its application in an organization in overseas operations.

4.4 Leadership

A Western management writer defines leadership as the "ability to influence a group toward the achievement of goals" and we need leaders to create visions of the future, and to inspire organizational members to achieve the visions (Appelbaum et al, 2004, P18). A multinational cooperation may adopt different business strategies in its foreign operation, which influence its leadership style in the subsidiary. Transferring parent country nationals (PCNs) in order to improve information flow between headquarters and the subsidiary may be in question, because communication between people from different cultural backgrounds can be very difficult and the opportunity for misunderstandings is usually high (Harzing, 2001 P.585). Thus, Blunt and Jones (1997, P.6) argues that culture should be taken into account, while doing business in different place in the World.

Using PCNs is a common strategy for international staffing used by MNCs to govern a subsidiary (Paik and Sohn, 2004) and normally expatriates occupy in the top position in the organization to form the organizational culture (Schein, 1985). Although international assignments are becoming more and more common in a managerial career, real cross-cultural leadership interaction between expatriate managers and their local subordinates has not been much studied (Suutari et al, 2002 P.415)

Suutari et al (2002, P. 425) found that Finnish expatriate managers actively adjust their leadership style when they lead their Indonesian subordinates. The Indonesian subordinates indicate that they noticed in the beginning that the expatriates are different leaders than the local ones; later the differences were not so significant. Although Japanese MNCs extensively use an international staffing strategy of using expatriate managers, particularly in the car and financial services industries, they tend to manage people in the same way in Japan to transfer their competitive advantage. In some manufacturing industries, Japanese managers were used to train foreign managers and workers in specific manufacturing processes and techniques as well as in the corporate culture and philosophy, so that the primary sources of the firms' competitive advantages could be institutionalized throughout its operations (Whitley et al, 2003, P.646).

According Wu (2004, P.99), top management's values are the most important when formulating HRM policy. As we have seen, Chinese leadership has its historical and cultural influence from Confucius and Taoism. The fundamental values in the Confucian system are kindness and justice. Kindness means that all people realize the fundamental goodness of human nature, of the right way to be a person. A benevolent person is not happy if he is successful or able to understand the truth, while others are not. He feels obliged to help others to succeed or comprehend themselves. From the practice of kindness and justice, we obtain trust and social harmony. Without trust, normal relationships between people would be impossible (Fernandez, 2004, P.26-28).

Confucian leadership has two aims: self-cultivation and achieving social harmony. Leadership is an emergent quality of the character that makes others want to follow,

based on the respect and trust the leader generates. Leadership originates from within the person, but this does not mean that one is born with those qualities; on the contrary, they can be acquired through a conscious effort of self-cultivation and constant learning. In addition, to be a true leader, one must therefore be willing to work hard and ceaselessly on the path to perfection. That is the way of the gentleman being defined as the one who shows superior behaviour, the true reflection of his or her character (Fernandez, 2004, P.23).

Confucianism stresses the value of harmony urging individuals to adapt to the collective, to control their emotions, to avoid conflict and to maintain inner harmony. Another central theme in Confucianism is conformity. Thus, the individual is expected to conform to appropriate forms of social structures and relationships and to appropriate forms of social behaviour (Shaw et al, 1993). For example, the leader sets the tone for other managers in less dominant positions to echo in dealings with their own subordinates. This style can also bring with it nepotism and often autocracy. The range of interpretation is a wide from benevolent paternalism to authoritarianism. Power rests in ownership and is legitimated by father-like behaviour (Redding, 2000, P.43).

Although power is centred in the leader's hand, it does not mean it is highly controlled in an organization. Traditional values encourage Chinese leaders to be highly responsive to employees and develop a relationship with them not simply control them; therefore, Chinese managers work as heads rather than leaders (Tjosvold et al, 2003, P.461). It is a relation-based leadership style where the leader often controls all key information and

makes all the important decisions. Thus, in relation-based governance the information structure and the decision-making modes of firms are normally closed and centralized (Li et al, 2004, P.63).

Living and acting in harmony with the Tao is the central concept of Taoism. Sun-Tzu thinks the ability of generals is very important. A good general should possess five important qualities, which are wisdom, sincerity, benevolence, courage and strictness. These desirable qualities of leadership can be used to measure corporate leadership. A corporation is not unlike an army in terms of its organization, and the five positive qualities of Sun Tzu's leadership are those needed by senior managers. By "*wisdom*", he means the ability to observe changing circumstances and to act accordingly. This quality mainly refers to the ability to discern and judge situations. "*Sincerity*" concerns the ability to win the complete trust of subordinate in terms of fairness and trust. He should be able to establish mutual trust between management and employees. He must be able to delegate power, while knowing how to tolerate unavoidable mistakes of his subordinates. It is to say that a leader only gives guidelines and goals to allow subordinates to accomplish tasks flexibly (Pun et al, 2000, P.331). By "*benevolence*", it means that he should be a benevolent leader, who understands the problems of his subordinates and cares about their well-being. However, he should not be exceedingly compassionate so much so that he could be easily harassed. By "*courage*", he should not be afraid of making risky decisions, but at the same time he must not make hasty or reckless decisions. Finally, a good senior manager should be able to combine "strict discipline" with his own example and mete out punishment decisively and fairly (Chen, 1995, P.43).

In addition, Confucian and Taoist models of leadership are based on moral influence. The moral character of leadership is related to integrity, honesty and commitment to the work team (Wood et al, 2002, P.266). Similarly, any model of job performance that does not include moral character is likely to be viewed by the Chinese as being incomplete. In the view of the Chinese, a 'moral' worker will also be an effective worker (Hemple, 2001, P.209).

4.5 Cultural Values in Japanese management

It is useful to compare Chinese management with Japanese values in order to criticise the Western idea that there is some sort of unified 'Asian model'. Although they share a common background of Confucian and Buddhist ideas, they are interpreted in the context of the Japanese company is very different from Taiwanese one. Japanese MNCs are the only non-western MNCs, which have been studied, thus, it is worth to insight its management style, that management style's migration and its integration with societal practices in the subsidiaries.

4.5.1 Harmony

To study Japanese management, we should consider its relation to Japanese culture. Unlike the Chinese idea of harmony, Japanese perspectives on harmony are embedded in the law. The seventeen articles Constitution, influenced by the teachings of Buddhism, Confucianism, Shintoism and Taoism, represents a normalization of the cardinal norm

Prince Regent Shotoku is said to have promulgated in 604. This begins with *wa* (harmony) as the principal rule in Japan. The Japanese believe that law exists to bring about social harmony. In response to this harmony, the Japanese are expected to conform to group norms (Hayashi and Kuroda, 1997, P. 25, P.134). This notion of harmony impinges on the workplace, underpinned by cooperative decision-making, single status and lifetime employment (Taylor et al, 1994, P.206). This can be compared to the Chinese concept of harmony described earlier in this chapter. The comparisons are shown in Table 4.2. Chinese achieve harmony by following nature (Taoism) and follow the hierarchy of family "*Wu Lun*" (Confucianism).

Table 4.2 Harmony

	Japanese definition	**Chinese definition**
Harmony	Law (based on Buddhism, Confucianism, Shintoism and Taoism)	Social norm (based on Confucianism/ Taoism)

Leadership

The Japanese concept of leadership is different from the Chinese. The Chinese are very individualistic and rationally oriented, while the Japanese are human relations orientated (Hayashi and Kuroda, 1997, P.118). In a 1993 comparative study of 1905 Chinese and Japanese in China and Japan, the respondents indicated the three most important criteria they would seek in their leaders (Table 4.3).

Table 4.3 Chinese and Japanese leadership qualities

Chinese leadership Criteria		Japanese leader	
Young and talented	82%	Experienced, senior& respected	50%
Technically competent, superior	71%	Respected and liked by followers	46%
Decisive and firm	39%	Fair to all followers	41%
Beneficial (profitable) to followers	39%	Superior in judgment	36%
Fair to all followers	37%	Deals sincerely with co-workers	34%
Work seriously	33%	Sincere about work	32%
Sincere about work	33%	Known & excel in human relations	15%

Source: Hayashi and Kuroda (1997, P.104)

Table 4.3 shows that the Chinese consider a person's youth and talent the most important criterion for a leader, but this is not important for the Japanese. The respectable Japanese leader is one who has technical skill and blends nicely with followers who feel they are treated with dignity and sincerity. Therefore, the Japanese define the workplace in terms of intra-group relations, while the Chinese see it as a rationally structured place to receive maximum profit for their labour, where group relations apply are only the secondary important issue (Hayashi and Kuroda, 1997, P.104-105). Hamilton and Biggart (1997, p.132) agree that unlike loyalty in Japan, Chinese loyalty is not to specific firm (please see 4.5.3 loyalty).

4.5.2 Japanese Groupism versus Chinese familism

The main theme of Japanese culture is groupism, which interrelates the two key concepts of *ie* and *mura*. These two ideas cast Japan as one big family, in which each member is required to sacrifice self-interest for the purpose of group welfare. Groupism contributes the values of hard working and cooperation and the practice of *kaisha,* a unique Japanese business group (Alarid and Wang, 1997, P. 602).

A man is classified primarily according to their group, which is based on their current activities rather than the family background (Nakane 1973, P.108). Groupism originated from old agricultural practices. In the wet paddy fields, harmonious group work was needed over specialized division of labour. Japanese managers make an active commitment to preserving harmony through intricate social rituals like gift giving, bowing to superiors, and using honorific language to show deference (Alarid and Wang, 1997, P. 602). Nonako (1998) states *'silence is golden in Japanese organizations'*. Because of this notion, they keep their opinions to themselves, rarely expressing their true feelings, tailoring their feelings to harmonize them with those of the group (Selmer, 2001, P.237).

Groupism is derived from the rise of the *samurai* (knight or warrior) class. The *samurai* believed that the group was supreme and the individual's needs relatively unimportant. This gave the *samurai* class the values of duty, benevolence, and tolerance, and the samurai heritage privileged seniority, the basis of promotion and the primary motivator

for consensual decision in modern Japanese corporations. *Ie* refers to "family"; while *mura* means a "wider community." The idea of *ie* or *mura* molded Japanese society as a concentric circle. In the core of this circle is the family, a basic *ie*; then the group, a larger *ie*, which may be a school class, a university, an employing company, or a political party; and, finally, the nation is the largest *ie*   (Alarid and Wang, 1997, P. 602 and Nakane, 1973).

For the Japanese, the company is considered a big "family". The management represents father or elder brothers and the employees are like children or younger siblings. Employees work hard and form the enterprise union to indicate their loyalty to the family. In return, large, private Japanese firms practice lifetime employment to take care of their family members. This unique business practice explains why Japanese firms prefer to train new employees themselves rather than outsource training (Alarid and Wang, 1997, P.603).

Groupism influenced the structure of large corporations, where a small number of groups are organized into so-called *Keiratzu*, derived from the idea of a large *mura* or *ie* (Alarid and Wang, 1997, P. 602), and which a link larger and smaller institutions. Each institution has constant dealings within the array of differing institutions, for example, supplying necessary services around another functional group such as between a bank, an insurance company, an industrial plant, an export-import firm, a shipping company and numerous other related import firm operations, which might form one group (Nakane,

1973, P.101). *Keiratzu* also demonstrate another type of groupism, the relationship called parent and son (*oyako*), such as Toyota and its suppliers (Nakane, 1973, P.100).

4.5.3 Loyalty

In Japanese management, subordinates are usually loyal to their superiors and expected to show their gratitude for them in their total commitment and dedication to them and to the organization (Whitehill, 1991). Flat organisational structure and direct communication are found to be the advantages of efficient management, because they accelerate the decision-making process. The Japanese decision making process is frequently referred to as decision-making by consensus. Although final decisions have to be approved at the appropriate level of authority, subordinates know that they have had the opportunity to have their views heard and perhaps influence decision making. The process is slow, but when action is taken, any potential resistance to change should (ideally) already have been overcome and collective commitment given (Oliver and Wilkinson, 1992, P.52). For example, Toyota has received 20 million improvement ideas through its employee suggestion programme. New ideas and suggestions not only provide inputs and benefits for producing good quality products, but also motivate workers and keep them highly committed. Moreover, through extensive use of work teams, members of the firm contribute their ideas to improving quality and building quality into the product (Yang, 1994, P.48).

However, the Chinese tend to generate different trust or loyalty commitments in their workforce. Chinese entrepreneurs are more likely to keep their distance from employees

than the Japanese and are likely to promote competitive relations among subordinates (who may be family members) (Hamilton and Biggart, 1997, P.132), while at the same time rewarding them collectively. (This will be examined in more detail in Chapter 7)

With respect to Confucian ethics, the (biological) family is the most important institution and an elastic concept, which can be expanded or contracted according to need (Oh, 1991). Thus, the Taiwanese management system is based on family ownership, vertical control and horizontal control. Firstly, in the vertical control, managers are seldom linked into a large formal management structure beyond the firm. In this way the day-to-day management of firms is separated from the actual control of the group. Management is defined as affecting individual firms as well as the group itself. Control and long-term decisions remain in the hands of owners and those in the inner circle, which is consisted of the (biological) family members and work-partners in deep-rooted relationships with them (Hamilton, 1997).

4.5.4 Lifetime employment

Japanese management still regards lifetime employment as an important factor and one of its three 'pillars', which can still enhance employees' commitment in this gloomy recession era. It seems to represent "redundancy" by terms such as "early retirement", "voluntary retirement" or "employee loan", but retaining the concept "lifetime employment". According to Dedoussis (2001, P.179), since legal restrictions on employee transfers were removed in 1985, employee 'loaning' has become quite

widespread during the current recession, as evidenced by the very high percentage of companies reporting either temporary or permanent transfers of employees to affiliated firms. "Voluntary" retirement means having to retire in their 40s. Early retirement schemes, often involving rehiring of retired employees by current employers or their transfer to subsidiaries, appear to have increased steadily over the last few years. Early retirees or those re-hired on retirement enjoy little security of employment and receive lower salaries, although their duty and workload often remain the same as before.

For example, many electronic device and computer companies have announced plans to reduce their workforce. Toshiba Corp plans to spin off its semiconductor and memory-chip business. The company is planning to rely on an early retirement scheme operating over a limited period to reduce its remaining 7000 positions. Voluntary retirement is also expected to become a reality at Matsushita Electric Industrial Co. Ltd., which has been a model of Japanese style business management by steadfastly maintaining lifetime employment of skilled workers. Voluntary retirement will be recommended for some 80,000 workers aged 58 and younger with tenure of 10 years or longer. The company is prepared to pay the retirement allowances laid down in company regulations, together with an extra payment of, at a maximum, 2.5 times the annual salary (Japan Labour Bulletin, 2002, P.2).

Some evidence shows a continued preference in Japan for lifetime employment and a continuing commitment to the lifetime employment principle. Results of a recent survey of directors and personnel managers by the Japan Productivity Centre for

Socio-Economic Development reveal that almost 90 percent of the respondents indicated that their companies planned to provide workers with continuous employment until retirement. Furthermore, 82 percent characterized lifetime employment as advantageous, while only 18 percent believed it to be disadvantageous (Selmer, 2001, P.238). A 'corporate lifestyle survey' conducted by Sanno university targeting 526 new workers revealed that new graduates are seeking greater stability in employment. The percentage of respondents who favoured a lifetime employment was 54.9% (Japanese Institute of Labour, 2002). However, studies of Japanese employment show that the segmented hierarchy of the Japanese labour force, built upon a mass of subcontractors and temporary workers, serves to provide job security and welfare for a minority employed in large corporations at the expense of low wages, poor conditions and job insecurity for the majority (Danford, 1999, P.55).

4.5.5 Seniority

Japan retains its seniority pay and promotion system. Although the percentage of respondents who wanted a seniority system increased by 6.5 points to 40% (Japan Institute of Labour), most companies would not like to see younger people supervise older ones (Selmer, 2001, P.240).

In contract, Taiwanese firms seem to adopt Western performance practices in order to make themselves more systematic, although Huang (2000, P.444) found that outstanding firms in Taiwan are more likely to appraise the performance of groups than individuals.

The high performance firms may emphasize a relatively high level of cooperative, interdependent behaviours, which leads them to set up group criteria for job appraisal.

Similarly, growing numbers of companies in Japan are explicitly weighting ability and performance over tenure and age in salary decisions. Since the 1990s, some companies have developed a system of job ability-based wages, comparing individual worker performance over one year with goals set at the beginning. This system is primarily used for managers and general managers, not for lower level employees (Selmer, 2001, P.240). Furthermore, changes in the salary system are in line with the development of the dual-promotion system, which by distinguishing between management responsibilities and titles on the one hand and status and pay on the other, aims at making a smooth transition from seniority and length of service based to performance-based promotion (Deddoussis, 2001, P.178). However, the percentage of respondents who wanted work under a performance-based annual salary system was 49% (Japan Institute of Labour, 2002).

There is fear that individual merit pay will ruin the Japanese system of team-based production, where stronger team members assist weaker ones for the good of the performance of the team as a whole (Selmer, 2001, P.240). Dirks et al (2000, P.531) found that another factor, which challenges the seniority system, is the aging composition of the work force. This results firstly in a cost effect. If older employees receive higher wages, the average wage level increases when the percentage of older employees rises.

The second result is what may be called the "jam effect". How does a company deal with the problem of having a large number of older career employees?

4.5.6 Industrial relations

Japanese unions are predominantly enterprise-based owing to the influence of Groupism. The turning point was the '100-day dispute' at Nissan in 1953, which was won by management and after which a second moderate union (to become Nissan's present enterprise union) was installed. Today, the enterprise union is the most ubiquitous unit negotiating on behalf of labour in Japanese industry. It is not unusual for supervisors and middle managers also to be union representatives; the union can function as a career route into more senior management positions (Oliver and Wilkinson, 1992, P.55). Furthermore, trade union law only recognises unions as representing the interests of the employers. The Japanese have devoted great effort to develop participation in management by using non-union representation practices innovatively and effectively to structure and expand employee representation in decision-making (Selmer, 2001, P.241).

Due to institutional difference, Taiwanese trade unions are different from Japan's. Wade (1990) and Dicken (1997) indicate, *"Taiwan has operated strict labour laws... and labour unions are tightly circumscribed...the right to strike is prohibited by martial law"*. However, since the abolition of martial law in 1987, workers have been free to organize unions. Three labour laws - the Labour Union Law, the Collective Agreement Law, and the Settlement of Labour Disputes Law - protect the rights of workers to organize labour

unions in order to reach consensus on labour issues, and protect their grievances and opinions. As of June 2000, a total of 1135 industrial unions and 2565 craft guilds had been formed, representing 2.9 million employees in Taiwan.

4.5.7 Quality

Japanese culture's tendency to adjust, rather than accepting or rejecting, a challenge has resulted in reform rather than revolution. Their predisposition is to find a good way to adjust (Hayashi and Kuroda, 1997, P.150). Again, Wilkinson and Oliver (1992, P.35) argue that the emphasis on continuous improvement derives from the Buddhist "idea of linear progress, without any limit to possible improvement". This has been true throughout Japanese history since the Prince Regent's time-from the Taika Reform (645-650) to the Meiji Restoration (1868) and the reforms during Allied occupation (1945-1951). This separates Japan from other nations, such as China, which experienced revolutions. It is the practical spirit of kaizen (improvement) and not invention that characterises Japanese industry (Hayashi and Kuroda, 1997, P.150). It is to say Japanese management is Zen management, on the other hand the Chinese management is Confucian management, which is aimed at becoming the best among ones competitors (Drucker, 2001).

Adjustment is a characteristic influence in Japanese training and development programs during the different stages of career development. Following induction, employees are typically further socialized in an initial training programme, the main purpose of which is

to familiarize them with the organization. Training and socialization continue throughout employees' careers, and typically are provided on-the-job and involve frequent rotation. This experience encourages an acceptance of flexibility and prepares employees for promotion by giving them generalist training (Oliver and Wilkinson, 1992, P.46-47). Because of job security (lifetime employment), Japanese companies are able to pay particular attention to the in-house training and development of their staff. Knowing that people are going to be with you for more than thirty years gives the company the confidence to train and develop its staff without the fear that they will depart to another organisation. Training does not have to be rushed; experience can be broad (Wickens, 1992, P.29). Job rotation contributes to strong and effective work teams, which are the key to better product quality. Blue collar workers on the shop floor acquiring intellectual skills similar to those possessed by white-collar workers (Yang, 1994, P.49).

4.5.8 Flexibility

In view of the expectation that employees will remain with the firm until retirement, therefore, recruitment and selection must be a careful process. The majority of recruits are taken straight from college, people who have worked elsewhere generally being avoided. Since workers are hired not for their functional skills, but for their knowledge of key products and quality issues, hiring criteria emphasize worker attitudes and the ability to learn multifunctional skills. Job positions are broadly defined (Yang, 1994, P.48). During the economic downturn in Japan, companies are slashing their annual intake of new recruits (Dedoussis, 2001, P.178).

It is worth noting that the traditional system of hiring inexperienced graduates from elite universities is being called into question. An increasing number of companies claim an interest in hiring white-collar and technical workers without college degrees (Selmer, 2001, P.239). Moreover, rapid technological developments have surpassed the skills of many experienced workers. The need to fill this gap has increased the competition among firms for promising young workers, not so much because of their relatively lower wages, but because of their adaptability to new technology (Selmer, 2001, P.240).

The variations among management strategies in Taiwan are likely to depend on company size. Hsu and Leat (2000) found that large companies in Taiwan tend to use "transfer", "job-rotation" and "employee referrals" more frequently than do small and medium-sized companies for managerial, professional posts. In comparison with small firms, "promotion-from-within", internal recruitment is also used more often by large firms for filling vacancies at managerial and professional levels.

The above explains the organizational issues and ideology beyond management. Here, discussion and comparison with Japanese practices will give a clearer picture of Taiwanese human resource management practices.

Table 4.4 Differences in HRM practice between Taiwan and Japan

Culture value		Taiwanese HR practices in Taiwan	Japan HR practices in Japan
Seniority	Recruitment	From personal connection e.g. Friends and Relatives	Based on age: "Young" graduates
	Management position	Family members (in small and medium Sized Co.) "Promotion from within" "Recruitment from outsiders for professional skills (large Co.)	Based on age
	Reward	Group reward	Age
Loyalty	Lifetime employment	No	Average 10-12 years long plus alternative redundancy: "Employees loan", "Early Retirement" and "Voluntary Retirement".
Kaizen	Training Development	The core members	Induction, In-house training
Groupism	Trade Union	Neo-union	Enterprise Union
Familism		Biological Familism	Groupism

Although Japan and Taiwan share the same culture and religion – including Confucian ideology and Buddhism - historical evolution has shaped their management style differently. Even though the Chinese and Japanese have high collectivism values (Hofstede, 1991), the Taiwanese seem to be more individualistic than the Japanese. The Chinese tend to be more relation-based, and less group-centred, than the Japanese (Nakane, 1973). For example, Chinese family ethics are always based upon relationships between particular individuals such as father and son, brothers and sisters, parents and children, husband and wife (Fan, 2000, P.4). By contrast, Japanese people are always

based on the collective groups, i.e., members of a household, not on the relationship between individuals (Alarid and Wang, 1997, P. 602 and Nakane, 1973).

4.6 Japanese firms in the UK

Japanese manufacturers have been moving overseas in increasing numbers, because of global competition and the strong Yen. In 1971-80 there was a surge of growth followed by later fluctuations, and since the 1980s there has been a steep upward trend. Japanese investment in the UK began on a significant scale only in the mid-1970s. Investment accelerated sharply from the mid-1980s (Oliver and Wilkinson, 1992, P.241-243). Clearly some Japanese practices have been transferred very successfully (just in time production, quality management), but not all of them. That's the big question – what were the limits to transfer?

The degree of transfer of Japanese management practice seems to vary between industries and employment sectors (Smith and Elger, 1994, P.121). Basu and Miroshnick (1999, P.716) conducted research in Japan and the UK to investigate two companies, Nissan and Toyota. The aim of the personnel management system in Nissan plant is to create mutual trust and cooperation between all people within the plant. It involves teamwork where the management encourages and values the contributions of individuals who are working together towards a common objective and who continuously seek to improve every aspect of the business. It aims for flexibility in the sense of expanding the role of all staff to the maximum extent possible and puts quality consciousness as the key responsibility above

all. Japanese firms in the UK have demonstrated that communications techniques such as team briefing are both common and established. A team briefing serves to promote employee involvement and team building is used to achieve two-way communication as well as information transfer from management (Danford, 1999, P.59).

The production system builds in quality, and the strict targets are assisted by the fact that the company gives common terms and conditions of employment to all the staff. For example, everyone is salaried; there are no time clocks; the sickness benefit scheme, private medical insurance, performance appraisal system and canteen are the same for all (Basu and Miroshnick, 1999, P.716). Elsey and Fujiwara (2000, P.335) surveyed 240 Toyota kaizen and technology transfer workers in Japan and its subsidiaries. The white-collar managers are usually sent to overseas transplants to acquire experience of working in what Toyota refers to as "child companies". All aspects of kaizen philosophy transfer into the overseas transplants. A second group occupies a position midway between managers and supervisors and focuses on specialised technical matters of production. The larger "blue-collar" group comprises supervisor level production line workers covering all aspects of the Toyota Production System (TPS). The kaizen is embedded into aspects of the organization such as technology know-how and skills whenever a new model is phased into production and adjustments are required to the functioning of the Toyota Production System.

The company believes that well-trained and motivated people are the key to business success and commitment. It is important for the company to value both on-the-job and

off-the-job training. This emphasis on training has resulted in a sharp increase in productivity; the productivity level of the British workers, which at the beginning of the operation was very low, is now comparable to that of Nissan in Japan (Basu and Miroshnick, 1999, P.716).

Unlike the auto industry, the Japanese MNCs in the UK electronics industry mainly operate assembly factories. Research on Japanese transplants in the UK electronics industry (Taylor et al, 1994) suggested that Japanese transplants follow the peripheral style of firms, rather than the core firm; that is, they continue to be subordinate to the corporate strategies and interests of their parent company in Japan. Due to cost minimization strategies in affiliates, Japanese practices are not transferred abroad since it is felt that the political, economical and social conditions do not support them (Elger and Smith, 1994, P.119).

Taylor et al (1994, P.220) conducted comparison case studies between two Japanese electronics MNCs, Terebi and Oki, and British MNCs and found that the pattern of work organization at the Japanese multinationals reveals little evidence of many of the apparently key components of the Japanese model of production. For example, there is no JIT at Terebi, so they suggest that this aspect of the organization of production cannot be treated as an invariable feature of the way in which successful Japanese manufacturers operate. This study suggests that the specific market relations, sectoral conditions, and regional recession have influenced the very uneven selection and adaptation of new management models and initiatives. Elger and Smith (1998), studying four Japanese transplants in Telford, reinforce this suggestion that Japanese electronics firms in their

UK plants offer employees the low-paid, semi-skilled, routine assembly and machine-minding jobs. Therefore the industry/sector seems to be the key to deciding which management practices to transfer

Nevertheless, the company and regional differences demonstrate the possibility of some management transfer. Danford (1999, P.56) surveyed Japanese owned manufacturing transplants based in South Wales in 1994. They found that Japanese electronics transplants in South Wales support the long-term job security philosophy among core-workers and the employment of temporary labour featured strongly. Although Japanese MNCs in the UK initially, in the 1980s, preferred to recruit school leavers, many Japanese transplant managers in South Wales prefer to recruit younger workers (under 25) who display some evidence of responsibility and discipline, which previously had been a key criterion only for young women. It is to say that earlier, a clear intra-plant horizontal segregation between male machine operators working on automated equipment and female manual assemblers obtained. Similarly, Oliver and Wilkinson (1992) indicate that Japanese companies prefer to recruit young, unskilled workers, which is the same as the HRM practices in Japan. In addition, seniority is also found in the transplant in South Wales (Danford, 1999, P.50). Many Japanese firms in South Wales incorporate single status conditions into their employment contract with the purpose of diminishing 'them and us' attitudes and class antagonisms. This policy offers employers clear advantage in terms of management surveillance of the shop floor and reducing resistance to work intensification. Appraisal in Japanese firms also demonstrated a mix of task performance indicators and subjectively assessed personal characteristics, as is found

in the satei system in Japanese companies in Japan. The single-union agreement is a very common policy for firms setting up new manufacturing plants. The company production bonus scheme is paid Japanese-style twice a year (Danford, 1999, P.59-61).

4.7 Summary

Chinese cultural values of Confucianism and Taoism strongly influence HR practices such as *guanxi* associated with recruitment, trust, Sun-Tzu leadership related to training, face related to employment relations and familism with job security. The comparison between Japanese management and Chinese management indicates the simplistic nature of the so called "Asian model" and the complexity of cultural values related to HR practices. Taiwanese and Japanese management do demonstrate in their domestic practice that there is no single "Asian" model of HRM, for example in their different ways of achieving harmony, Japanese Groupism versus Chinese Familism, and their different views of leadership. Management transfer in Japanese MNCs from Japan to the UK seems very selective and non-standardized, including as it does sectoral, regional and company differences, apparently crucial elements in transferring management styles from Japan to UK in the Japanese MNCs. The next chapter will focus on Taiwanese industry the shaping of Taiwanese MNCs and their internationalisation in the US, which will contribute to forming appropriate research questions.

Chapter 5 The evolution of Taiwanese management

5.0 Introduction

This chapter will examine Taiwanese industrial and economic development, education and the trade unions, which have shaped the growth of Taiwanese MNCs in Taiwan and then the development of internationalization for Taiwanese companies in the US, in order to form a context for examining Taiwanese MNCs in the UK.

5.1 Taiwanese industrial development

It is important to understand the historical, economic, and educational factors behind the development of Taiwanese MNCs, which have influenced their management style in subsidiaries.

The history of Taiwan is a story of both aggravation and miracles. Isolated and poorly developed, the island had been neglected before the 17th century. But during the age of exploration and maritime conquest by Europeans, it attracted world attention because of its strategic location and natural resources. When Portuguese navigators first came upon Taiwan in the mid-16th century, they were impressed by the beauty of its green mountains rising steeply out of the blue-green waters of the Pacific and exclaimed *Ilha Formosa*, meaning "beautiful island". The island was thus known as Formosa in the West for centuries. The Dutch (1624) and Spanish (1628) colonized parts of northern and

southern Taiwan. Taiwan was a Dutch trading centre between China, Japan, Southeast Asia, and Europe (http://www.gio.gov.tw, 2004).

Taiwan was a Japanese colony from 1885 to 1945, and was tightly integrated into the Japanese economic system. Japan did not significantly develop Taiwan's industry until during World War II, military necessity led the Japanese to develop strategic industries there, including aluminium, chemicals, oil refining, metals, and shipbuilding. Japan succeeded in transforming Taiwan into a relatively modern economy in comparison with its neighbours (http://www.gio.gov.tw, 2004).

5.2 Economic development after WWII

Following Japan's defeat and surrender in August 1945 at the end of World War II, Taiwan was retroceded to the Republic of China on October 25. After having been occupied by the Portuguese, Dutch, Spanish, Chinese (Manchus), and Japanese, Taiwan was Chinese again. When the Republic of China government moved to Taipei in 1949, Taiwan's economy was still trying to recover from the heavy allied wartime bombing. Much of the US aid was used in the agricultural sector. The highly successful land reform program, which was completed in 1953, reduced land rents, distributed public land, and purchased and resold land to small owner (mainly farmers) of large landlords. By 1959, 90 percent of exports were agriculture or food related. Increased production and higher income resulted in low inflation and capital accumulation (www.gio.gov.tw, 2004).

A distinctive feature of Taiwan's development was a heavy direct involvement in production through state ownership. Textiles, plastics and synthetics formed the dominant focus in Taiwan's industrialization strategy from 1945 to 1960. Two policies of the 1950s and 1960s led to the remarkable takeoff of the 1970s. The first was an "import substitution policy", aimed at making Taiwan self-sufficient by producing inexpensive consumer goods, processing imported raw materials, and restricting other imports. When far-sighted government planners realized the economic bottleneck posed by the narrow base of Taiwan's domestic economy, a second policy of "export promotion" was adopted in the late 1950s and continued throughout the 1960s. Using Japan as a model and employing US advice, the resource-poor, labour-intensive island began to expand light manufacturing. Export processing zones, free of bureaucratic red tape and with special tax incentives, were set up to attract overseas investment. Soon, Taiwan secured an international reputation as an exporter to the world (Wade, 1990).

The world recession of the 1970s, together with the thawing of the relationship between the United States and China, necessitated an intensified emphasis on export orientation, which required a high degree of state involvement. Sectoral priorities included, in particular, petrochemicals, electrical machinery, electronics, precision machine tools, and computer terminals and peripherals. Although an emphasis on new technology had existed since the 1950s, there was now an intensification of the drive to upgrade educational and technological levels in the economy and to move the balance of the economy towards non-energy intensive, non-polluting and technology-intensive activities like machine tools, semiconductors, computers, telecommunications, robotics, and

biotechnology. In 1973, the government set up the Industrial Technology Research Institute (ITRI); in 1980 it established the Hsinchu Science-Based Industry Park, where foreign and domestic high-technology firms operate in close proximately to ITRI laboratories and where government is willing to take up to 49 percent equity in each venture (Wade, 1990). Taiwan has been the world's fourth-largest computer hardware supplier since 1995, trailing only the United States, Japan, and China. Taiwan's 1,000 computer hardware manufacturers provide jobs for approximately 130,000 employees, and their products have a large share of the world market due to competitive prices and high quality. In 2001, Taiwan supplied over half of the world's computers and peripherals (http://www.gio.gov.tw, 2004). In the semiconductor industry, Taiwan semiconductor Manufacturing (TSMC) and United Microelectronics (UMC) account for 70% of the world's foundry production (a foundry means a manufacturer that produces chips for other brands. It symbolises that Taiwan has successfully transformed from a maker of cheap plastic toys 25 years ago to a manufacturer of leading technologies (The economist, 15.01.2005, P.10).

The foreign direct investment sector is important to the Taiwanese economy. Since the 1970s, foreign firms have become rather more selective; in particular, they have been discouraged from an involvement in labour-intensive industries but encouraged to invest in higher-level activities (Riedel, 1992, P294). Many Taiwanese companies are making IT products for other companies which sell them under their own brands – a process known as original design manufacturing (ODM) or original equipment manufacturing (OEM), depending on the amount of creative work involved (The Economist, 15. 01.2005,

P.9). Clearly, the contribution of foreign direct investment is not limited to the production and exports of foreign firms themselves, and that even more important perhaps is the diffusion of foreign technology to domestic firms which emulate their foreign counterparts (http://www.gio.gov.tw, 2004). Taiwanese companies produce a large proportion of the world's IT hardware; however, few of the consumers who buy the products would recognise their names. They are normally labelled with American, Japanese or South Korean brand firms. This becomes a problem when facing the competition from Mainland China and developing their own brand. If they develop their own brand, they will lose the customers for ODM (The Economist, 15.01.2005, P.9).

The economic structure of the nation shifted from reliance on agricultural exports to light manufacturing in the 1960s and 70s, and on to high technology and chemical product exports in the 1980s and 90s. In 2001, technology-intensive products constituted about 40 percent of Taiwan's exports (Financial Times, 25.10. 2001). By 2001, the service sector accounted for 66.96 percent of Taiwan's GDP, a percentage very similar to that of many advanced nations. The total GDP value for the service sector that year reached US$188.3 billion (www.gov.com.tw,2004). By the bursting of the IT bubble, in 2001, Taiwanese economy faced the first downturn (Financial Time, 25.10. 2001) after WWII with GDP negative 2.2%. But now Taiwanese economy is regained the strength with around 5.9% of GDP growth in 2004 (The economist, 15.01.2005, P.9).

5.3 Trade unions

The development of trade unions in Taiwan has been influenced by the massive influx of Chinese population (including actual or potential entrepreneurs) from Mainland China, the Communist revolution in 1949 and the greater importance of small entrepreneurial firms in the domestic economy. At the same time, Taiwan has operated strict labour laws. Labour unions are tightly circumscribed; the right to strike was prohibited by law under martial law, which prevailed from 1951 to 1987. 34 percent of employees are members of unions in Taiwan, and the ratio of unionisation in Taiwan is rising. Labour unions in Taiwan are coordinated by the Chinese Federation of Labour, which belongs to the public sector, to which all unions must belong. Only 24 unions (out of 3076 in all) belong to the Taiwanese Association for Labour Movement, which is an independent association of unions. Those in the Chinese Federation of Labour receive most of their funding from government grants and hardly ever call strikes. The union leaders are appointed by the government, the exclusive jurisdiction clause can become a tool for enterprises to establish docile unions rather than a means by which workers can choose to be represented by the strongest possible organization (Wade, 1990, Dicken, 1997).

After the abolition of Martial Law in 1987, workers became free to organize unions. Three labour laws - the Labour Union Law, the Collective Agreement Law, and the Settlement of Labour Disputes Law - protect the rights of workers to organize labour unions, in order to reach consensus on labour issues, to express their grievances and protect their opinions. As of June 2000, a total of 1135 industrial unions and 2565 craft

guilds had been formed, representing 2.9 million employees in Taiwan (www.gio.gov.tw, 2001).

5.4 Education

The growth of educational opportunities has significantly improved the level of educational attainment of the labour force. On average, the number of years of formal education for employed male persons rose from 6.2 in 1964 to 10.8 in 1988 and that of employed females from 4.2 to 10.4 during the same period. It is worth noting that between 1964 and 1988, the proportion of female technical and vocational graduates in the labour force rose from 2.2 to 23.5 percent, while, for males, this proportion rose from 4.4 to 17.9 percent. In contrast, the proportion of students at collage level or above increased from 3.8 to 15.3 percent for males and from 0.8 to 13.8 percent for females during the same period. The total enrolment rate of the population aged between six and 21 was 93.17 percent. Roughly 238.95 persons for every one thousand of the total population were attending an educational institution of some type. As of the end of 2001, the national illiteracy rate of the population over 15 years old stood at 4.21 percent. The rate continues to decrease, as the enrolment rate for school-age children remains high while the number of the illiterate old generation falls (www.gio.gov.tw, 2004).

The impressive improvement in the quality of human resources obtained through increased investment in education has provided the general human capital, but the job-related knowledge and skills needed by individual firms, still depends largely on

training programs offered by employers. As labour-intensive industries thrived, the shortages of semi-skilled and skilled labour became increasingly obvious. To cope with this problem, the first manpower development plan was formulated and implemented in 1966. Between 1966 and 1976, nine public training centres were established throughout Taiwan to facilitate the training of vocational training instructors and workers. The total number of in-service trainees increased steadily, from 54000 persons in 1966, to 203000 in 1980 and then to 223000 in 1988. In 1982, the Employment and Vocational Training Administration within the Council of Labour Affairs was established to unify and strengthen employment services, vocational training and trade-skill tests (San and Chen, 1988).

When consecutive external shocks hit the economy, most of the domestic-owned enterprises, instead of imposing redundancy, kept their employees and sent them to programs sponsored by the Vocational Training Fund to gain job-related knowledge and skills. To keep businesses running, an agreement was reached on a cut in wages and salaries, with an average reduction in 1974 of 20 percent of the previous year's real earnings, and of another 10 percent soon thereafter. This practice, which is, in fact, an extension of Confucian traditions and which is applied to family businesses in the modern sector, proved to be one of the more efficient approaches in developing employees' potential for future utilization as well as in ensuring harmonious labour-management relations, even during periods of slack business. This practice is no longer implemented in Taiwan and the 2001 economic recession led some domestic enterprises to downsize. This is probably related to the neglect of traditional Confucian

values and the prevalence of Western rational values in industrialized society (Wu, 2004).

In sum, Taiwan faced both internal and external challenges during its first economic downturn in 2001: internal political issues and external competition with neighbors with cheaper labor - China, a competitor in similar industries, and South Korea. Taiwanese MNCs in Taiwan have to search for a new competitive advantage and their government has to actively cooperate with them.

5.5 Chinese internationalization

The competitive advantages of a Taiwanese firm are based not only on its 'internal assets' but also on the resources between firms and its degree of internationalisation. The network approach has extended a firm's boundaries to include co-operative modes such as long-term co-operative agreements, in inter-firm relationships. Such a co-operative form is quite different from purely market-based relationships; it is developed around trust (Zhang and Bulcke, 2000, P.131). The organisational dynamics are very similar in all family-based networks in Taiwan, whether firms are large or small. All firm owners must contend with intra family organizational controls (vertical control) and extra family connections (horizontal control) (Hamilton, 1997, P.258). This part will concentrate on patterns of horizontal control.

Hamilton (1997) found that the horizontal *guanxi* networks were implemented in production, market and distribution. *Guanxi* forms the organizational backbone of the

manufacturing sectors of the economy. *Guanxi* networks provide small and medium-size businesses with the resources by which to organize export-oriented commodity chains. It is analytically useful to make a distinction between how entrepreneurs use *guanxi* ties to establish horizontally integrated commodity chains and how they use such ties to diversify their assets, for example, when a firm or enterprise group seeks a partnership with other people or business, the same principle applies. Usually, there will be co-operation with intimate *guanxi*. If they want to make a linkage, it is necessary to find the right person first. The cooperative inter-business relationship is primarily based upon the personal trust between the two major bosses (Kao, 1991, P.68). Furthermore, Woo and Prudehome (1999, P.10) state that it is essential to be aware of the Chinese *guanxi* network connections to understand the ins and outs of a deal. *Guanxi* also implies reciprocity; its impact on business negotiation is that it requires assistance or favors to be yielded whenever and wherever it is requested by a connection. This type of horizontal *guanxi* investment has the same tone as Japanese *kinyu keiretsu* such as Mitsubishi which are bank centered, and tend to have more horizontal, inter-industry linkages with complex financial ownership and are descendants of the pre-Second World War *zaibatsu (*Kienzle and Shadur, 1997, P.24).

Taiwanese horizontal control through the *guanxi* connection is similar to the vertical control of Japanese *keiretsu*, but Taiwanese horizontal control is only based on personal trust. The Japanese *kigyo shudan* tend to have vertical or pyramid structures in which the subsidiary and smaller companies are subservient to the companies higher up the pyramid. In the vertical *keiretsu,* small and medium sized firms belong to a subcontracting pyramid

connected to a major *kaisha,* which can <u>only</u> supply to companies within the pyramid. The relationship between the organizations is kept stable and there is an obligation for it to be maintained by both sides. The contract is unequal on three main beliefs: first, the losses from the bad times and profits from the good times should be shared; second, owing to the vertical nature of the relationship, the lower members' profits will be squeezed harder when the market falls; finally, the higher members should not use their bargaining superiority during a recession to drive lower order members to the edge of bankruptcy (Kienzle and Shadur, 1997, P.24).

On the other hand, production in Taiwan is often organized through what is called a "satellite assembly system". Satellite assembly systems vary in terms of the relative size of the firms directly involved. In general, a group of small, medium and some times large <u>independently</u> owned firms join together to produce a product that has been ordered by an overseas buyer. Each firm will produce a part, or one set of parts, of the final product. All the parts of the productions are then delivered to an assembly firm, which assembles, paints, packages and ships the final product (Hamilton, 1997, P284-285). Japanese intra firm network is systemized and formal with contracts, however, the extra-firm network in Taiwan is based on two bosses' relationship and the ultimate exchange of trust and obligation.

Unlike Japanese MNCs, which have their own brand name; most Chinese business firms tend to specialize in niche markets within particular sectors and industries, they are unable to produce sophisticated products with a strong brand name. Most Chinese

business firm prefer to operate in the interstices of the trading and subcontract world. Many of the enterprises in Taiwan specialise in parts of the production chains and international subcontracting networks which are essentially controlled by giant global corporations such as US or Japanese MNCs (Yeung, 2000, P.101). For example, firms like Seagate pull along numerous OEMs and ODMs into global supply chains, companies such as MITAC, like many Taiwanese IT firms, sells a large proportion of its output to international brand-name vendors (Brooks, 2000). Because of technology integration, the firm might have to have a subsidiary to establish their supply chain in different locations in the World in order to provide lower costs and good service. Such technology change may affect the strategy of the firm's internationalisation.

The weakness of overseas Chinese MNCs is lack of experience in the worlds of brand-name goods, mass marketing and high technology (Weidenbaum, 1996). Therefore, the overseas Chinese MNCs might not adopt similar strategies to the brand name MNCs, such as Japanese MNCs. There are some studies based on South East Asian and American, which may give us some ideas of how Taiwanese MNCs operate.

The empirical studies in South East Asia found that Taiwanese MNCs utilize individual foreign direct investment while expanding their foreign operation and then search and build local networks (Zhang and Bulcke, 2000, P.147). When the overseas Chinese invest in the South East Asia, they implement the same strategy as in parent country. The extra-firm level utilizes co-operative strategies, which are underpinned by personal relationships between Chinese businessmen and top politicians in the host countries. The

process of politicizing business through extra-firm networks and political-economic alliances is particularly important in many South East Asian countries where there is a lack of well-defined legal systems and institutional structures (Yeung and Olds, 2000, P.16).

Tsia and Cheng (2002) researching 105 Taiwanese manufacturing firms in the US found that Taiwanese manufacturing firms investing in the United States adopted a full-ownership control mode. Similarly, small firms in Taiwan take independent actions when making FDI (foreign direct investment), but they very much rely on resources from networks to support their cross-border operations at least initially, compared with big firms (Chen and Chen, 1998 P.448).

In addition, Taiwanese services industries such as banking have invested in the US especially in Los Angeles to provide services for Chinese immigrants. Because the Chinese have low incomes in Chinatown, they have problems in applying for loans from US banks. Therefore, Taiwanese banks set up subsidiaries to serve them (Zhou, 2000, P.138). The IT industry such as computer distributors or wholesale is different from the financial service industry. The Taiwanese immigrants' firms in LA are heavily involved in marketing products from Taiwan by cloning products at half of the market price of the named brands. Since the Taiwanese firms in Taiwan are small, they need to have sufficient trust from the overseas firms to grant credit. Taiwanese manufacturers in Taiwan resorted to social relationships to ensure responsible and reasonable behaviour, first with family ties, then with close relatives or friends. The social ties provide them

with negotiating ground so they can have longer credit or better prices (Zhou, 2000, P.191-192).

The Taiwanese government has been highly involved in the economic development and the case of Taiwanese MNCs' internationalisation and encouraged outward foreign direct investment, by relaxing its foreign exchange and foreign investment regulations (Mathews, 1997). After 1985, the state has actively encouraged national firms to relocate their low-cost-orientated production facilities to other countries in the region. Taiwanese firms have been very successful in globalizing their operations beyond their national boundaries.

The location decisions of MNCs may not simply be about access to cheap labour, raw materials and markets (Morgan and Whitley, 2003, P.610). The US and UK have been popular locations for MNCs seeking to establish links with higher education institutions because of the high quality academic knowledge base and the openness of their academic institutions (Lam, 2003, P.675). Similarly, Makino et al (2002, P.418) found that Taiwanese FDI tended to invest in developed countries such as USA when they had strategic asset-seeking and market-seeking motivation. Taiwanese FDI are motivated to invest in developed countries when they lacked some component of technology that is necessary to compete in the developed country's market that is available in the developed countries. By the end of the 1980s, more than half of Taiwanese FDI had gone to developed countries, particularly the USA (Yeung, 2000, P.83).

A firm's position in the national network influences its process of internationalization because it determines its ability to mobilize resources within the network for such an endeavour. Networks and political-economic alliances are particularly important in many Southeast Asian countries that lack well-defined legal systems and institutional structures (Yeung and Olds, 2000, P.16). For example, a dominant firm in the Japanese Keiretsu can make the decision among *keiretzu* members to jointly penetrate a foreign market, or to establish a production system in a foreign location similar to the home country (Prasad and Ghauri, 1995, P.285).

However, companies that used to rely on ethnic entrepreneurial networks and on labour-intensive technology face many difficulties in reaching their targets when they expand into the highly structured markets in Western countries (Zhang and Bulcke, 2000, P.147). Network resources are less important for entering a mature market such as the United States where institutions to facilitate internationalisation function well. However, since this type of market is well structured and highly specialized, only firms with powerful and abundant internal resources are qualified to enter. Taiwanese investors in the US utilize their own capabilities to build strategic linkages, which refers to business alliances that enhance the competitiveness of firms and FDI is seen as an attempt to acquire know-how that reinforces the strengths of the investors (Chen and Chen, 1998, P.463). Since UK and US are both mature markets, this suggests that Taiwanese MNCs in the UK may adopt a similar entry strategy and purposes to set up in the UK.

5.6 Outside influences

Chinese management faces technological, economic challenges from both Western and Japanese MNCs. Firstly, the challenge of Western influences: in order to advance high technology and provide services in the global market, they have to have leverage and the capability for research and design. A common response has been the joint venture, which may change traditional Chinese management (Weidenbaum, 1996). For example, many multinational companies, mainly from the USA and Japan, set up subsidiaries in Taiwan; thus, the HRM practices in many local Taiwanese companies are similar to the ones in American and Japanese subsidiaries in 1965-1985 (Wu, 2004).

Second, economic influence: as Taiwan faced the economic downturn between 2000 and 2003, HRM practices changed toward strategic HRM, the evidence drawn from Wu (2004, P.101-103) from a survey conducted in Taiwan in 2002 found that the HRM function in Taiwan changed to a more strategic orientation - the role of HR function integrated with strategy formulation and implementation processes, which is directly linked with senior management, and contributed to organizational performance. In terms of training and development, it emphasised an upgrade of employees' competencies and cross-functional skills. It is interesting to note the elimination of job security, with the recruitment in the past five years shifting from attracting people to laying-off employees, due to the economic downturn in Taiwan and competition from China. Since Taiwanese companies had not experienced laying-off employees in the past 20-30 years, it is a big issue. Moreover, the organizational form changed with organizational structure,

delayering, lay-offs, mergers and acquisitions and leaderships. The major companies have successfully transformed into flatter organization during the past five years through organisational re-engineering and the organizational levels being reduced from 10-20 layers to eight layers, as a result the new form of organization contributed to better communication and distribution of power to frontline employees. Finally, in the workforce, the performance-based system has been introduced in some companies with the intention of increasing the commitment that was lost to the effect of the lay-off policy (Wu, 2004, P.103).

Third, the industrial influence: unlike the traditional industry emphasis on recruitment and *guanxi* as mentioned in chapter 4, a rejection of g*uanxi* in recruitment can be found in high-tech organizations (Hempel and Chang, 2002, P.93). Finally, management fashion influence: as the field of HRM introduced the idea of HRM and business strategy integration spread from the USA, organizations in Taiwan started to bring HRM issues into business strategy planning (Wu, 2004).

5.7 Summary

Westernisation continues to shape management style in Taiwanese HQs, and people may question how much of Chinese management values remain. The empirical research in this thesis focuses on the cultural factors such as network (*guanxi*) associated with internationalisation. The current business environment might influence Taiwanese internationalisation in the global market, for example the increasing demanding for

service in different areas of the world. The industry character plays an essential factor to influence the adaptation of *guanxi* associated with HR practices and the international strategy. The international staffing strategy also influences the HRM in managing subsidiaries and it has been widely assumed that Taiwanese MNCs in the UK adopt the same strategy (PCN) of Japanese MNCs in the UK, because of cultural similarity. This research will concentrate on, when they send their managers to the UK, whether they take the 'new' (Western-style HRM approach) with them or they operate on the basis of Chinese management values. Both qualitative and quantitative research will be needed to investigate the management transfer from HQ to subsidiary in the era of management change in Taiwan.

Chapter 6 Method of investigation

6.0 Introduction

This chapter will discuss the choice of the most appropriate methodology to examine the cultural component of international human resource management in the Taiwanese MNC in the UK. Cultural studies research is historically self-reflective, critical, interdisciplinary, conversant with high history, and takes into account historical, political, economic, cultural and every day discourses (Denzin and Lincoln, 2000, P.157).In cultural value research, quantitative methods have tended to dominate over other methodological approaches, as in for example the works of Hofstede (1991) and Trompenaars (1997). While these can reveal the characteristics of certain populations, they do not, on their own, let us understand the meaning, which responses have for the research subjects. In order to overcome this disadvantage, qualitative methods were also adopted in this research. Both quantitative and qualitative data are used to appraise the usefulness of this emerging research area.

6.1 Theoretical considerations

Before deciding on the research methods, the researcher considered the philosophical issues. According to Easterby-Smith et al. (1991), it is unwise to carry out research without awareness of the underlying philosophical issues. Social research, like other scientific work, is situated within a 'paradigm', a scientific tradition. The paradigm

influences research in several ways, e.g. data collection and analysis. The way researchers tackle research problems is derived from the perspective of social science (Gilbert, 2001, P.25).

6.1.1 Social science research paradigms

Burrell and Morgan (1979) identified four pairs of assumptions- one *subjective* vs. one *objective,* in order to look at the social reality. Firstly, the ontological assumptions concern the very nature or essence of social phenomena being investigated. The subjective as *nominalist* approach sees the social reality as the product of individual consciousness-, in which objects of thought are merely words such that there is no independently accessible thing constituting the meaning of a word. On the other hand, the *realist* position contends that objects have an independent existence and are not dependent for it on the knower.

Secondly, epistemology assumptions concern nature and forms, how they can be acquired, and how they are communicated to other human beings. The subjective or anti-positivist view of knowledge is of a softer, more subjective, spiritual or even transcendental kind, based on experience and insight of a unique and essentially personal nature. However, the objective or positivist view is that knowledge is hard, objective and tangible and will demand of researchers an observer role, together with an allegiance to the methods of natural science.

Thirdly, the assumptions concerning human nature and in particular, the relationship between human beings and their environment: the subjectivists see individuals as initiators of their actions, as *voluntarism*; while objectivists portray human beings as responding to their environment in mechanical ways as *determinism*. Finally, the methodological issues of importance are the concepts themselves, their measurement and identification of underlying themes. The objectivist approach characterized by procedures and methods designed to discover general laws may be referred to as '*nomothetic*'; whereas, in its emphases on the particular and individual, the corresponding subjectivist approach to understanding individual behaviour may be termed '*ideographic*'. These four sets of assumptions, illustrated in Table 6.1, need different research methods and thus, influence the choice of methodologies.

Table 6.1. Two traditions of social science

The subjectivist approach to social science		The objectivist approach to social science
Nominalism ←	Ontology →	Realism
Anti-positivism ←	Epistemology →	Positivism
Voluntarism ←	Human Nature →	Determinism
Idiographic ←	Methodology →	Nomothetic

Source: Cohen, et al (2000, P.7)

There has been a constant debate between these two distinctive approaches: the subjective or objective approach towards methods of data collection and research strategy

and the two views of social science that we have just identified represent different ways of looking at social reality (Cohen et al., 2000).

It has been established that quantitative methods are best for conducting research within a positive paradigm (Schwartz and Jacobs, 1979, P.4). According to positivist tradition, there is an objective, external world that exists independently of human perception, which is amenable to quantitative measurement. The researcher acquires knowledge of this world through following a scientific mode of enquiry similar to that found in the natural sciences. The aim is to develop valid and reliable ways of collecting "facts" about society, which can then be statistically analysed in order to produce explanations about how the social world operates (Clarke, 2001, P.32).

Each chosen research methodology has a related philosophical position within the various schools. In relation to this there are two main distinctions (see Table 6.2.), which can be made between the positivist and subjectivist or phenomenological paradigm; the former uses the deduction, beginning with hypotheses while the latter follows induction, the process of finding a case and observing relationships and finally constructing a general theory to cover all cases (Gilbert, 2001, P.19).

Table 6.2. Key features of positivist and phenomenological paradigm

Theme	Positivist paradigm	Phenomenological paradigm
Basic Beliefs	The world is external and objective Observer is independent Science is value free	The world is socially constructed and subjective Observer is part of what is observed Science is driven by human interests
Researcher should	Focus on facts Look for causality and fundamental laws Reduce phenomena to simplest elements Formulate hypotheses and test them	Focus on meanings Try to understand what is happening Look at the totality of each situation Develop ideas through induction from data
Preferred method in the research	Operational single concepts so that they can be measured Taking large samples	Using multiple methods to establish different views of the phenomena Small samples investigated in depth or over time

Source: Easterby-Smith et al. (1991, P.27)

The positivism paradigm emphasizes that what is important in 'science' is not the sources of the theories and hypotheses that the scientist starts out with; rather it is the process by which those ideas are tested and justified that is crucial. There are three characters of positivism; first, the view that, for the social sciences to advance, they must follow the hypothetical-deductive methodology used, with such evident success, by natural scientists (e.g. physicists) such as the experimental method; second, knowledge produced and the explanations used in social science should be the same as those proffered by the natural sciences, for example, A causes B; and finally, the above entails social scientists treating their subject-matter, the social world, as if it were the same as the natural world

of the natural scientist (Gill and Johnson, 1997, P.36).

The classical statement of the subjectivist paradigm was made by Weber who made two fundamental assertions: first, that sociology must concern itself with the interpretation of social action; and second, that it must devise a social theory of values since the acts of valuing and judging are preconditions of social action. Morrison (2003, P.274) indicates that Weber's theory of social action may be defined as that body of social theory devised by him in order to make valid judgments about the 'inner states' of actors in their actions. By 'inner states' Weber was referring to the capacity of the actor to choose between the means and ends of action and to exercise 'rational' choice. At the most fundamental level, this involves the process of assigning 'meanings' to the given factual states in the outer world and thus involves subjective processes. Weber promoted the idealist point of view and its association with the qualitative paradigm, the nature of reality and the role of the researcher.

Therefore, it is crucial to know about the methodological paradigms debate in order to appreciate why methods and decisions can be highly controversial. The paradigm of choices recognizes that different methods are appropriate for different situations. Table 6.3 provides a summary view of some of the strengths and weaknesses of the two research paradigms.

Table 6.3 Comparison of strengths and weaknesses of paradigms

Theme	Strengths	Weakness
Positivist (quantitative paradigm)	The can provide wide coverage of the range of situations They can be fast and economical Where statistics are aggregated from large samples, they may be of considerable relevance to policy decisions	The methods used tend to be rather inflexible and artificial They are not very effective in understanding processes or the significance that people attach to actions They are not very helpful in generating theories Because they focus on what is, or what has been recently, they make it hard for policy makers to infer what changes and actions should take place in the future
Phenomenol ogical (qualitative paradigm)	Data-gathering methods seen more as natural than artificial Ability to look at the change in processes over time Ability to understand people's meaning Ability to adjust to new issues and ideas as they emerge Contribute to theory generation	Data collection can be tedious and require more resources Analysis and interpretation of data may be more difficult Harder to control the pace, progress and end –point of research process Policy makers may give low credibility to results from a qualitative approach

Source: Amaratunga et al., 2002, P.20

6.1.2 A pragmatist paradigm

However, in reality the quantitative and qualitative approach might not be two extremes and can be combined (Bryman, 1988, Cresswell, 2003). The pragmatist paradigm refers to "mixed methods" which contain elements of both the quantitative and qualitative approaches (Tashakkori and Teddlie, 1998, P.5). Similarly, Sechrest and Sidani (1995,

P.77) argue that methodological pluralism is needed and should be encouraged. For example, from the time of Darwin, the study of evolutionary biology has been diverse in methods employed, ranging from distinctly non-quantitative observation in natural settings to highly quantitative experiences in population genetics (Guba and Lincoln, 2000, P.163). Hence, Holliday (2002 P.33-34) argued that hypotheses are used in qualitative research, which investigates a relationship between several entities. This essential nature of hypotheses does not have to be restricted to the controlled world of quantitative research. In qualitative research there can be relationship, which the researcher sets out to investigate in a systematic, though not quantifiable way. Strauss and Corbin (1998) also emphasise on the interplay between quantitative and qualitative data analysis.

Table 6.4. A comparison of three paradigms

Paradigm	*Positivist*	*Phenomenological*	*Pragmatist*
Methods	Quantitative	Qualitative	Quantitative +Qualitative
Logic	Deductive	Inductive	Deductive +Inductive
Epistemology	Objective point of view. Knower and known are separate.	Subjective point of view. Knower and known are inseparable.	Both objective and subjective points of view
Axiology	Inquiry is value-free	Inquiry is value bound	Values play a large role in interpreting results
Ontology	Naive realism	Relativism	Accept external reality. Choose explanations that best produce desired outcomes
Causal linkage	Real causes temporally precedent to or simultaneous with effects.	All entities simultaneously shaping each other. It's impossible to distinguish causes from effects.	There may be causal relationships, but we will never pin them down.

Source adopted from Tashakkori and Teddlie (1998, P.23)

Table 6.4 contrasts the three approaches with regard to methods, logic and epistemology. In each case, pragmatism rejects the incompatibility thesis and embraces both points of view. The advantages of linking qualitative and quantitative data are to enable confirmation or corroboration of each other via triangulation. Triangulation is a powerful solution to the problem of relying too much on any single data source or method, thereby undermining the validity and credibility of findings because of the weakness of any single method (Patton, 1990, P.193). To elaborate or develop analysis, providing richer details; and to initiate new lines of thinking through attention to surprises or paradoxes, "turning ideas around'', and providing fresh insights. Quantitative data can help with the qualitative side of a study during design by finding a representative sample and locating deviant samples, while qualitative data can help the quantitative side of the study during design by aiding with conceptual development and instrumentation (Amaratunga et al, 2002, P.23). A mixed methods design is useful to capture the best of both quantitative and qualitative approaches and maintain methodological rigour so as measures for reliability and validity. The reason to choose mixed methods because according to Kiessling and Harvey (2005, P.22) the Western style research method has been predominantly quantitative, and so may not be fully adequate to explore phenomena such as the complex interactions of culture, institutions, societal norms and government regulations. The mixed methods approach contributes to add the 'fabric' required, illustrating the depth and flexibility needed to explore the strategic global human resource issues. For example, a researcher may want to generalize the findings to represent a population and develop a detailed view of the meaning of a phenomenon or concept to learn about what variables

to study and then studies those variables with a large sample of individuals (Creswell, 2001, P.22).

6.1.3 Approach adopted in this research

For the reasons given above, Tashakkori and Teddlie's (1998) pragmatist paradigm is adopted as the basis for the research design in this research project. The qualitative approach was embraced in this research, because the ontological position suggests that people's knowledge, views, understandings, interpretations, experiences and interactions are meaningful properties of the social reality, which the research questions are designed to explore. Secondly, the epistemological position allows that a legitimate or meaningful way to generate data on these ontological properties is to talk interactively with people, to ask them questions, to listen to them, to gain access to their accounts and articulations, or to analyse their use of language and construction of discourse. Thirdly, most qualitative researchers view knowledge as situational and the interview is just as much a social situation as is any other interaction. Finally, by qualitative interviews, social explanations and arguments can be constructed, which lay emphasis on depth, nuance, complexity and roundedness in data (Mason, 2002, P.63-65).

Likewise, adopting quantitative approaches in this research recognises the possible effects of changes in society over time. There is a need to replicate earlier quantitative research in order to try and understand trends. The impact of the first recession in Taiwan after 2000 may alter Taiwanese management style. In addition, the samplings in Taiwan

and in the UK were taken into account the spatial differences. Geographical space is a determinate of human life, in that space represents a dimensional challenge to all societies and individuals. Physical space exists and in part determines social life, even though there is very large scale divergence in terms of the how, what, when and where of this relationship (Haynes, 2001, P.4). Meanwhile, quantitative data can help with the qualitative side of a study during design by finding a representative sample and locating deviant cases. During analysis quantitative data can help by showing the generality of specific observations and verifying new light on qualitative findings (Miles and Huberman, 1994, P.41).

From the literature discussed previously, there are some controversial problems in studying MNCs' subsidiaries. Firstly, culturalists such as Hofstede (1991) conducted their research based on the societal effect (Maurice, 2000) in the host country, without concerning the MNCs parent cultural influence in management subsidiaries. A point to be stressed especially is that expatriates can be important organisational power holders for determination of organisation structure and managerial behaviour. MNCs continue to be embedded in their country-of-origin national business system (Ng et al, 1998). Secondly, Smith and Elger (2002, P.1) introduce the idea that international workplaces reflect the three-way interaction of system effects, societal effects and dominance effects. Smith and Elger's system effect is a concept based on manufacturing paradigms and therefore may not be so visible in the service sector since not all Taiwanese MNCs may operate in the manufacturing setting. The system effect may not be found in non-manufacturing based international firms. Thirdly, MNCs are mainly from developed countries such as Europe

America or Japan; however, as Taiwanese MNCs' headquarters are based in a developing country, the level of economical development affects how the headquarters' work system may influence managing the subsidiary. Fourthly, Taiwan has an identity problem in international society, that is to say that political issues may influence its international HRM strategy. Fifthly, the continuous westernisation of Taiwan, affects how much Chinese cultural values remain and which Taiwanese managers transfer to the subsidiary the western style of HRM or the Chinese cultural style of management.

In studying the role of culture in Taiwanese MNCs in the UK, the research design utilised the distinctions, which arose from the discussion of culture in Chapter 3. Culture means the body of ways of thinking and acting commonly accepted in society, it includes norms and values. Norms in turn are the accepted means of achieving values or goals. Values have a direct or indirect influence on attitudes and behaviours. Thus, values are determinants of attitudes, but a single attitude can be caused by many values. The beliefs (culture) of a particular society will affect the behaviour of individuals in the society (Joseph, 1989, P.5). The major strength of the cultural perspective as a whole is its recognition of the fact that cultural values and attitudes are different in degree at least, if not in absolute terms in some cases, from one society to another, the fact that different cultural groups behave differently under similar circumstances because of the differences in their underlying values and attitudes, and the important role that culture plays in shaping work organizations and other social institutions (Tayeb, 1994, P.429).

6.2 The research design

The research was planned to proceed in four stages:

Stage 1. Questions to be piloted by conducting interviews in one or more Taiwanese companies in the UK

Stage 2. A survey of Taiwanese MNCs in UK aimed at collection of data with HRM perspectives.

Stage 3. A programme of interviews with Taiwanese managers for qualitative data and also to collect additional quantitative data from British managers and workers.

Stage 4. A survey of Taiwanese managers in Taiwan from the list of Taiwanese MNCs in UK to see if their values differ from Taiwanese managers in UK.

Essentially, the same questions would be used in both the questionnaire and the interview schedule, to test reliability of responses in the four groups, through triangulation.

6.2.1 The survey

Oppenheim (1992, P.12) identifies two types of survey: the descriptive indicates how many members of a population have a certain opinion while the analytic answers the "why" question. The descriptive reason for carrying out the survey was the need to measure the characteristics of the Taiwanese MNCs in the UK because of the lack of empirical evidence on the Taiwanese MNCs in the UK.

The research questions were targeted at four groups of informants (Taiwanese managers in the UK, Taiwanese managers in Taiwan, British managers and British employees in Taiwanese companies in UK). The object of the questionnaires for Taiwanese and British management was to compare the variable of national culture in international organisations, based on management attitudes. The comparison between British managers and British employees in Taiwanese companies could contribute to identify the British national culture's influence on work attitudes in an international setting. In addition, the questionnaire to Taiwanese HQs could reveal Taiwanese work attitudes.

Surveys can measure attitudes about certain issues. The term "attitude" can be defined as a tendency to respond in a consistently favourable or unfavourable manner towards a specific topic, concept or object. Our attitudes are influenced by our beliefs. Attitude measurement often involves asking respondents not just what they feel about a particular object, but what they believe about it. One of the most commonly used methodologies for measuring attitudes (certainly in survey research) is that of Likert scaling (Miller and Brewer, 2003, P.12-13). The Likert scale was adopted in the survey partly because the reliability of Likert scales tend to be good and partly because of the greater range of answers permitted to respondents (Oppenheim, 1992, P.200). Because a moderate Likert item will be rejected by all respondents positioned well below it or accepted by all those well above it (Gilbert, 2001,P.112), neutral responses are not allowed, so a four-item Likert scale was used, featuring respectively, strongly disagree, disagree, agree and strongly agree. The same questions were utilised in the survey and the interview, as the survey could provide information to represent the population and the interview could give

insight into the meaning of samples.

6.2.2 Validity and reliability

The validity and reliability of the approach must be considered, as follows. *Internal validity* establishes a causal relationship, whereby certain conditions are shown to lead to other conditions, as distinguished from spurious relationships. The best available approximation of the truth or falsity of a statement with which we infer that the absence of a relationship between two variables is causal or that the absence of a relationship implies the absence of a cause (Yin, 1994, P.34; Lincoln and Guba, 1985, P.290). Internal validity threats are experimental procedures, treatments, or experiences of the participants that threaten the researcher's ability to draw correct inferences from the data in an experience (Creswell, 2003, P.171).

External validity establishes the domain to which a study's findings can be generalized; the main tactic is using replication logic in multiple case studies and questionnaire survey. By means of replication, a theory can be tested a second or even more times and the same results should occur (Yin, 1994, P.35; Lincoln and Guba, 1985, P.291). External validity threats occur when experimenter draws incorrect inferences from the sample data to other persons, other settings and past or future situations (Creswell, 2003, P.171).

Construct validity establishes correct the operational measures for the concepts being studied (William, 2003, P.3). Regarding the use of multiple sources of evidence,

triangulation allows an investigator to address a broader range of historical, attitudinal, and behavioral issues. The most important advantage presented by using multiple sources of evidence is the development of converging lines of inquiry. This research was designed with data triangulation and methodological triangulation. Data triangulation was applied to use different data sources, such as questionnaire survey and interview, secondary data and so on. Concerning methodological triangulation, the researcher used different kinds of methods to carry out the study, such as a quantitative and qualitative mixed method (Patton, 1990, P.464).

Reliability demonstrates that the operations of a study, such as the data collection procedures, can be repeated with the same results. Reliability is essentially a synonym for consistency and repeatability over time, over instruments and over groups of respondents. For research to be reliable it must demonstrate that if it were to be carried out on a similar group of respondents in a similar context, then similar results would be found (Cohen, et al, 2001). Mason (2002, P.187-188) argues that an obsession with reliability, which may occur precisely because it can apparently be "measured" inappropriately overshadows more important questions of validity, resulting in a nonsensical situation where a researcher may be not all clear about what they are measuring (validity), but can nevertheless claim to be measuring it with a great deal of precision (reliability).

For reasons that will be outlined below, the size of the sample in this research was quite small. As this did not allow the normal Cronbach Alpha test for reliability (the results

would not have been significant), the technique of squared Euclidean Distances was adopted to amplify the data; this will be explained more fully below.

The validity of the postal questionnaire can be assessed from two points. First, whether respondents who complete questionnaires do so accurately, and second, whether those who fail to return their questions would have given the same distribution of answers as did the returnees (Belson, 1986, P.534-535). In regard to the validity of the interview, however, there is no single canon of validity; rather the notion of fitness for purpose within an ethically defensible framework should be adopted, giving rise to different kinds of validity for different kinds of interview based research (Cohen et al, 2001, P.286).

The methodological pluralism should minimise the disadvantage of the quantitative and qualitative methods. Silverman (2000, P.7) suggests that triangulations refers to the attempt to get a "true" fix on a situation by combining different ways of looking at it or different findings. Strauss and Corbin (1998) advocate combining qualitative and quantitative approach to grounded theorising as a means of validity. Table 4.5 shows what sorts of things the researcher in each paradigm needs to consider while designing research.

Table 6.5. Source of validity

Quantitative research	Qualitative research
Details of the population (in samples)	Choice of social setting
	How it represents the research topic in its role in society
	How feasible (e.g. access)
	How substantial (e.g. duration, depth, breadth)
What sort of questions (in survey questionnaires)	Choice of research activities
	How they suit the social setting
	How appropriate to researcher-subject relationships
	How they form coherent strategy
Which statistics	Choice of themes and focuses
	How they emerged
	Why they are significant
	How far they are representative of the social setting
The composition of groups (in experiments)	Overall need to articulate a judicious balance between opportunism and principle
Which variables are being included and excluded	
What groups we are exposed to in experiments	

Source: Holliday (2002, P.8)

6.2.3 Data collection

The analytic surveys were followed by semi-structured interviews in order to understand the "meaning" of the responses which related to culture. The semi-structured interview asks major questions in the same way each time, but is free to alter their sequence and to probe for more information (Gilbert, 2001, P.124). The questionnaire was designed in English for British employees and then the same questionnaire was translated into traditional Chinese for the Taiwanese management in the UK and in Taiwan. As will be explained later in more detail, the questionnaire consisted of theory-driven questions. They are based on the researcher's theoretical propositions, in the semi-structured interview, the relations formulated in these questions serve the purpose of making the knowledge of informants more explicit (Flick, 1998, P.84; Silverman, 2000).

The advantages of survey design are that the investigator can reach a large number of respondents with relatively minimal expenditure; a single instrument can measure numerous variables, and statistical manipulation during the data analytic phase can permit multiple uses of the data set (Depoy and Gitlin, 1994, P.117). One-way to carry out quantitative research is that the census includes every member of a given population. The other way is to take a sample, a subset of the population-usually with the implication that the subset resembles the population closely on key characteristics, which for the national census is representative of the population (Sapsford, 1999, P.6). Taiwanese MNCs in the UK do not have a very big population thus a census like sampling strategy was adopted.

In order to obtain a list of Taiwanese firms in the UK, the Taiwanese representative office in London was contacted by email. They forwarded the email to the Taipei Trade centre in London and a five-pound cheque was required for the list. In February and March of 2002, the standard questionnaire had been sent to one hundred and ninety six companies in order to gain access to do face-to-face interviews and accumulate some information about the company size and sectors. However, the response rate was very low, 27 companies responding to this survey, and only eleven companies at first agreed to the survey. The most likely explanation is that in Chinese culture companies tend to be limited to family members and relatives and are extremely suspicious of outsiders asking questions (Hampel and Chang, 2001, P.81).

The researcher and supervisors initially selected seven companies to conduct the

interviews, in order to discover the location of HRM strategy (e.g. in the UK, in Taiwan HQ) affects the HRM practices in the subsidiary. It is common to select samples, which are representative of the total empirical population which display characteristics (usually identified as 'variables' like age, gender, ethnicity, class in a population of people) in similar proportions and patterns to the total population about which you wish to make generalizations (Mason, 2002, P.125).

Unfortunately, initially only one company was willing to take part in the research by interview and this pilot study was conducted in June in 2002. Qualitative researchers often report considerable difficulty in getting access to organizations for in-depth studies (Bryman, 1992, P.161). According to Fielding and Thomas (2001, P.125), many studies begin with 'pilot interviews', to gather basic information about the field before imposing more precise and inflexible methods; this is why interviews are the most often used research method. Such interviews use a broad topic guide with as few direct questions as possible. The flexibility of non-standardised methods is a major attraction and many influential and sophisticated analyses have been based entirely on interview data. Thus, this interview was regarded as a pilot study to gain some general information about Taiwanese firm in the UK. The interview schedule was designed for Taiwanese managers, British managers and British workers by asking same questions. The content of the schedule very briefly asked about the human resource technique and what kind of cultural difficulties they encountered.

So far, only one company had accepted the interview. According to Bryman (1988,

P.88-90), many qualitative researchers themselves display unease about the extent to which the findings are capable of generalisation beyond the confines of the particular case (Silverman, 2000). So, the researcher had to access more cases in order to represent the Taiwanese MNCs in the UK.

In the early September 2002, the researcher sent out email to another two companies, which promised to take part in the research. There were still not enough cases, thus, quantitative survey needed augmenting to expand the data. Thus, the interview schedule was refined in the following stage so as to implement both the qualitative and quantitative approaches.

In February 2003, the questionnaire was redesigned for Taiwanese managers, British managers and British non-managerial staffs. The researcher considered those factors, which might have affected the response rate; one was the 56-item questionnaire; the other is the three set questionnaire for a firm. Because Taiwan is a network society (Hamilton, 1997), and the questionnaire is for the Taiwanese government a covering letter might increase the response rate. The Taipei representative in Edinburgh was invited to draft a covering letter for the research when the representative visited the Taiwanese society at Stirling University. In addition, another middleman studying at the spots studies helped to gain a covering letter from the managing director of the Taipei representatives in the Economic division in London. As a result, some interview companies were persuaded to participate in the research. Since Chinese society is seen as mistrustful (Redding, 1995), it is important to have the letter from the Taipei representatives in London to demonstrate the researcher's quality such as the confidentiality of data management. Here it was very

important to have a middleman who could introduce the researcher to the Taipei representative officers, because the Taipei representative officers trusted the middleman's recommendation.

The questionnaire was sent to 15 companies in Scotland with the covering letter from the Taipei representatives in Edinburgh, and to 92 companies in England and Wales with the covering letter from the Taipei representatives in London in February and March 2003 by post. The questionnaire for the Taiwanese HQ was planned to be sent out by email. The rapid development of the World Wide Web has lifted the restrictions of geographical boundaries and opened new research horizons. The researcher now can engage in research on a worldwide, low cost, almost instantaneous scale and according to more favourable reports, reduce the impact of instrumental biases such as the race or gender of the investigator. The Internet provides a medium whereby the researcher has access to a world of behaviour and ideas (Illingworth, 2001, P.5). However, the researcher encountered difficulty in searching for Taiwanese MNCs on the Web, possibly because the Internet providers such as Yahoo charge companies, if the company intends to be seen on the search list. The researcher only found 21 companies and received 3 questionnaires back. Postal and email surveys are likely to have lower response rates (Blaxter et al. 2001, P.179), therefore the data collecting strategy had to be changed. Companies were in two sectors: IT industry and financial service firms, because (a) they represent Taiwanese companies in the UK, (b) they might provide a contrast in styles.

6.2.4 The research plan alteration

It can be seen from the above discussion that some problems occurred while conducting this research. Firstly, there was a problem of gaining access to collect quantitative and qualitative data, since the postal survey did not have a good response rate (10%) and plus only four companies had agreed to be interviewed. Secondly, another difficulty was to get permission to interview British managers and British employees. This may be because the researcher needs access to people, many of whom will worry about why he or she is 'really' there or whether he or she is 'really' going to evaluate their work. Such worries are common, particularly during the early days in the field (Bryman, 1992, P.163). Thirdly, the lesson from the pilot studies was that a name card may help to win trust in the interview. Fourthly, gifts may assist to attain more cases through informants. Finally, time management, since the interview companies were in England and travel distances were limited there was not enough time to interview employees. The companies in Scotland did not allow the interviewing British managers. Therefore, the plan was altered, primarily to anywhere Taiwanese expatriates were interviewed and British employees filled out the questionnaire.

Bryman (1992, P.161) stated that qualitative researchers often report considerable difficulty in getting access to organizations for in-depth studies. Thus, he suggested that intending researchers should not be chary about employing an opportunistic approach. Sometimes, friends or relatives may be able to smooth access. Part of the Taiwanese headquarters' data was obtained through the use of friends and relatives. In addition,

offering a report can facilitate the approach to companies.

To gain more cases, the researcher phoned up every Taiwanese FDI in the UK, which produced a few more cases. They accepted to take a part in the research because of the government official letters. The interviewees would ask about the relationship between the referees and the researcher in the field. They thought the researcher was the relative of Mr. Chen, who was the managing director of the Taiwanese economic division in the London office, owning to the same last name. Undoubtedly, the reference letter from Edinburgh was the most helpful and powerful; it contributed to access into most of the Taiwanese FDI in Scotland. As will be explained later in more detail, gifts also helped to achieve more cases.

Furthermore, keeping in touch with the interviewees contributed to the data collection owning to the networking characters of Chinese people (Redding, 1995). When Taiwanese HQ data was difficult to get, some interviewees, who had been interviewed before, were very helpful in gaining data from HQ. Having lunch with an interviewee's family can bring a few additional cases as well, but the researcher does not recommend this strategy.

6.2.5 The role of the researcher

The researcher was the primary instrument for the fieldwork data collection and analysis in this study. As Silverman (2000) point out, data analysis does not come after data

gathering; it is done at the same time. The researcher's role in the process of data generating was highly active and reflective. As the study includes fieldwork, the researcher had to be close to the people, to record their opinions in the business-setting environment. The research is analytic in that the researcher was interested in process, meaning, and understanding gained through words. Hence, the researcher's role in generating information was not merely practical but involved activities, which were intellectual, analytical and interpretative.

In addition, the researcher's identity and understanding of the culture can help data collection. The researcher came from the same country as the MNC's HQ, which could help identify the "right" cases for the research. For example, Smith and Elger (2002) researched Japanese firms in Telford, however, their sample including a Taiwanese MNC Tatung. They may not have generated reliable theory, because they included a Taiwanese firm to generate a theory about Japanese firms in the UK. Therefore, it is important for researchers to have certain knowledge of the cases. Communicating in the respondent's language is of paramount importance, because the respondent may not be able to fully express his or her ideas in an unfamiliar language. Moreover, speaking the same language as the respondent helps to establish a good rapport (Tsang, 1998, P.511). Ideally, to minimize the risks, there should be a 'cultural expert' who is a native researcher on each site to support our data collection and provide us with culture-specific information. The 'cultural expert' should also help in the translation and interpretation of documents. When analysing and interpreting the English transcripts the researcher is also trying to involve a linguist in the English language (Mattl, 1999, P.284).

It is important for the researcher to understand ritual. The business card is very important in face-to-face communication in the Chinese business world. It is not only to show your social identity but is also a communication tool. When the researcher and the Taiwanese management exchanged business cards, the conversation started from the name on the card, for example, people may say that my colleague's daughter has the same name or the good meaning of the name… etc. The business card could help shorten the distance of two parties and it also can display "respect" by putting the name card on the table during interview. It is worth stressing that two phenomena are marked on the gift issue. Gifts show appreciation for taking part in the research and also can help in accessing more cases. Some interviewees accepted the gifts because they accept your appreciation. The other received the gifts and returned your favour by providing more cases.

It is necessary to appreciate the respectable supervisor. The Chinese say "you should give a favour to monk, because of Buddha's face". The supervisor's status can help to gain access in the field. The middleman had good family political power. Before he helped me get a letter from the Taiwanese government office in the UK, he investigated the supervisor's social status. Luckily, he was the head of department, is a well-known scholar and surprisingly, he used to supervise the middleman's spouse in the MSc HRM course.

Guanxi is crucial in conducting this research. The managing director in the economic division in London helped this research because of the middleman's family connection with the ex-prime minister in Taiwan. When the managing director wanted to quit his job to study for a master's degree in the US, the former prime minister was his superior, thus, he assigned him to the US and he could work and study in the US, without worrying about finance. Based on reciprocity, the managing director was very pleased to help this research.

6.3 The construction of the questionnaire/interview schedules

Questions were designed to discover the influence of the unique Chinese value of *guanxi*. Other cultural questions borrowed from the culturalists (Hofstede, 1991; Laurent, 1983 and Trompenaars, 1997) will be used to test whether Taiwanese values fitted their theories, because some researchers suggest that Taiwanese employers' values are changing toward a more Western style (Sparrow and Wu, 1998; Ng and Warner, 1999 and Hwang, 1987). The outcome of culturalist questions contributes to clarify the debate of convergence or divergence in management in international organisations. According to Fielding and Gilbert (2000, P.7), a good strategy when testing theories is to aim at falsification, that is, try to find data, which might show the theory to be false. The other questions also discover the extent to which the managers' attitudes were reflected in the companies' HRM practices. General company information was requested to give a picture of Taiwanese FDI in the UK, such as the number of expatriates, composition of employees in respect to gender, full/part-time, location, and history (5 items); this data

would also provide information on expatriate strategy and test Perlmutter's theory (1969).

The discussion in Chapter 4 indicates a strong possibility that Chinese cultural values may influence the approach to people management by Taiwanese managers in the UK. It was therefore felt necessary to construct questionnaire items to test this. However, because some researchers (Sparrow and Wu, 1998; Ng and Warner, 1999 and Hwang, 1987) allege that Taiwanese management values are changing toward a more Western style, some general HRM questions were deployed to test the approach to HRM and any associated dominance effect.

6.3.1 Cultural values

To test the observations made in Chapter 4, that there are certain key socio-cultural influences on the development of management practice in Chinese society such as *guanxi*, *face* and *renqing*, a number of questions were taken from the work of Hofstede, Laurent and Trompenaars).

Hofstede's study is the only large-scale cultural research, which includes Taiwan. In addition, Hofstede's questionnaire has been utilized in later cultural researches, for example Hsu and Leat's (2000) research on Taiwanese recruitment and selection. According to Hofstede (1991), Taiwanese national culture is categorised in large power distance, weak uncertainty avoidance, and collectivism. Hofstede's dimensions, augmented by items from Trompenaars, Hall and Laurent were used test attitudes towards

authority, hierarchy, rules, and interrelationship within an organisation.

Power Distance

Power distance implies preferences for hierarchical solutions, which is related to preferences for high/low employee participation on appraising, compensating and training choices, and age/achievement as determinants for the appraisal system and closed/open procedures on staffing choices. In Hofstede's work it appeared that self-ratings by managers closely resembled the styles these managers preferred in their own boss; but not at all the styles the subordinates of these managers perceived them to have. In fact, the subordinates saw their managers in just about the same way as the managers saw their bosses (Hofstede, 1991, P.28). The pilot study had revealed that Mr. Yang, the managing director's, preferred management style and his actual management style, surprisingly, were different. By comparing the responses of the Taiwanese managers and their British managers it was hoped to determine how people management practices were actually implemented in the organisation. [Question 11 in Taiwanese managers' questionnaire]

Borrowing from Hofstede, the three survey questions [Questions 6-7] used for testing the degree of power distance were:

1. Subordinates' perception of their boss's actual decision-making style (percentage choosing out of four possible styles plus a 'none of these' alternative).

☐ *Manager usually makes his/her decisions promptly and communicates them to his/her subordinates clearly and firmly.*

☐ *Manager usually makes his/her decisions promptly, but before going ahead, tries to explain them fully to his/her subordinates. Give them the reasons for the decisions and answers whatever questions they may have.*

☐ *Manager usually consults with his/her subordinates before he/she reaches his/her decisions. Listens to their advice, considers it, and then announces his/her decision.*

☐ *Manager usually calls a meeting of his/her subordinates when there is an important decision to be made. Puts the problem before the group and invites discussion. Accepts the majority viewpoint as the decision.*

2. Using the same four options, their own decision-making style (Taiwanese/British managers see themselves).

Uncertainty avoidance

Uncertainty avoidance is about human behaviour and the environment which is associated with the preference of formal/informal system of HRM, training choices, promotion from within policies, explicit/implicit analysis upon the job itself and the procedure to do the job, criteria for parasailing choices, standard/flexible compensating package and high/low job or employment security. In the questionnaire, two of Hofstede's uncertainty avoidance questions are deployed. The question on 'rule

orientation': *Company rules should not be broken even when the employee thinks it is in the company's best,* using a mean score on a 1-4 scale from strongly agree to strongly disagree [Question 9], and the question on intention to stay with the company for a long-term career: *How long do you think you will continue working for this company* [Question 4].

In addition, two questions from Laurent (1983) were deployed to measure the Uncertainty dimension: *'It is important for manager to have at hand precise answers to most of the questions that his subordinates may raise about their work* and *'If you want a competent person to do a job properly, it is often best to provide him or her with very precise instructions on how to do it'* (both using a mean score on a 1-4 scale of strongly agree/strongly disagree**)**.   Both questions indicate a horror of ambiguity and a need for precision and formalisation in countries with strong uncertainty avoidance. [Question 9]

Individualism and collectivism

The individualism/ collectivism is related to internal/external equity on compensating choices, individual/group criteria on appraising policies, individual/group orientation on training programmes, and open/secret pay levels of employees (Sparrow and Wu, 1998, P.32-33).

Trompenaars (1997) prefers universalism/particularism as a means of distinction between 'our group' and 'other groups'.   To test the degree of this, the schedule used Trompenaars'

questions

'Which kind of work organisation do you prefer? Everyone works together in a team and no one gets individual credit or reward/Everyone is allowed to work individually and individual credit can be received/Everyone works together in a team but individual credit can be received'. [Question 2]

'If a mistake was discovered which had been caused by the negligence of one of the members of a team, when would you see the responsibility lying?' [Question 3]

Hofstede borrowed Steven's questions for the models of organization:

'People see their organisation in different ways. Which of these images is closest to how you see your organisation? A market/A Family/ A well-oiled machine/ A Pyramid/ A sports team' [Question 5]

Time context

Hall (1967) develops high/low context and then develops a polychronic/ monochronic dimension. The researchers, Bluedorn and Solocombe (1999) found polychronic culture was related to organisational commitment, performance evaluation. To test the importance of time concepts such as monochromic versus polychronic time (Hall, 1990) and sequential or synchronic time (Trompenaars and Hampden-Turner, 1997) items from

Bluedorn et al. (1999) and Kaufman et al. (1991) were used, which have been tested in several researches, e.g. Slocombe and Bluedorn (1999). Agreement/disagreement on a 1-4 scale was requested with a series of statements:

(1) I would like to juggle several activities at the same time.

(2) I believe it is best to complete one task before beginning another.

The questions borrowed from Trompenaars (1997, P.140) are:

(3) Employees will feel rewarded and fulfilled by achieving planned future goals as in MBO (Management by objective).

(4) An employee's current performance should be judged in the context of their whole history with the company and their future potential.[Question 11]

6.3.2 Taiwanese HRM

The culturalist authors were concerned with identifying generic cultural variables and so did not consider aspects of Chinese culture specifically. Therefore questions had to be constructed to test for the influence of the cultural characteristics discussed in Chapter 4. The hiring process in a collectivist society such as Taiwan always takes the in-group into account. Usually preference is given to hiring relatives, first of all of the employer, but also of other persons already employed by the company. Chang and Hempel (2002,

P.92) also confirm that Taiwanese companies emphasize person-organization fit, believing that most people either have or can acquire job-related knowledge and skills, provided that they have the right attitudes and fit well within the organization. This belief is a manifestation of the Chinese emphasis on harmony in relations. This is interestingly similar to the current Western trend towards emphasizing person-organization fit instead of person-job fit. Currently in Taiwan personal recommendations are relied on as the primary means of ensuring fit. Consequently questions were constructed which ask for agreement/disagreement (on a four-point scale with a number of statements, designed to measure the extent to which the above characteristics were expressed by Taiwanese managers in the UK:

(1) *I prefer to recruit someone who has been recommended by friends/ colleagues/ superiors*

(2) *Recruiting someone recommended by friends/ colleagues/ superiors will result in higher commitment to the company.*

(3) *Recruiting someone recommended by friends/ colleagues/ superiors will result in higher commitment to me as manager.* [Question 13]

As noted in Chapter 4 the most typical business organization found in Taiwan is the family business, in which the primary decision maker, the owner generally mistrusts people outside the family and thus tends to assign family or extended-family member to key positions within the organization. The question *Would you say there was an inner circle in your organisation?* [Question 1] was designed to assess the degree to which this management style had been exported to the UK.

Because job descriptions and organizational charts are unknown in these firms, the rights, authority, and responsibilities of employees are often left unspecified and therefore ambiguous. Employee performance is evaluated on a subjective basis rather than objective standard, and everyone is expected to follow the owner's with little or no questioning (Hwang, 1987, P.966). However, there are now many Chinese business organizations that have adopted Western management procedures, including clear-cut rules for both management and employee functions and the enforcement thereof; delegation of both responsibility and authority; development of long-term and formal planning; job descriptions that I specify each employee's responsibility for a given domain of work; action of performance in accordance with standards evolved from the foregoing; and, finally, stipulated rewards or punishments derived from that evaluation.

Zhu et al. (2000, P.35-36) found that Teamwork has traditional roots in the Taiwan cultural context, particularly given the influence of Confucian values of collectivism and harmony. Local family owned small and medium firms in particular featured teamwork, multi-tasking, quality control and new technology, but this was also found in local large enterprises. Two questions [Questions 8 and 2] were designed to monitor the extent of team working and respondents preferences with regard to team and individual effort and reward.

Huang (2001, P.68) found the training expenditure in Taiwanese firms is lower than Japanese and US firms. Zhu et al. (2000, P.36) found that most firms pay attention to training, which is more directly linked, to the needs of production. As for the large Taiwanese private enterprises, they normally establish exchange-training programmes

with foreign companies. Most of the Taiwanese firms in the UK belong to the high-tech industry, thus, their headquarters may have implemented Western management styles (Chang and Hempel, 2002), and Taiwanese managers may bring the same concepts to the UK. On the other hand, since the Taiwanese firms in the UK have different functions from headquarters, e.g. repair centre, they may not necessarily have the same practices here. Since there is a debate about training in Taiwanese firms, the following items relating to training were formulated [Question 14; 1-4]. Agreement/disagreement (on a 4-point scale) was requested of the following statements:

(1) Training is a cost and not an investment.

(2) To continuous investment in training and development can raise employees' knowledge in order to enhance organizational efficiency.

(3) Employee training and development can enhance the employee 'commitment' to the company.

(4) Training should be focus on improving technical skills.

As seen in Chapter 4, the relationship between employer and employee is seen in Chinese society in moral terms. It resembles a family relationship with mutual obligations of protection in exchange for loyalty. A series of statements were constructed [Question 10] to assess preferences for personal employer/employee relationships, long-term employment and conflict resolution.

Poor performance of an employee in this relationship is no reason for dismissal: one does

not dismiss one's child (Hofstede, 1991, P.64). Cultural assumptions are also evident in the term "performance appraisal' which implies that "performance" is important, and can be measured objectively, that is, "appraised". Thus the very notion of performance appraisal may be at odds with the values of many cultures where character appraisal is considered to be more important. Indeed, the appraisal process itself may be interpreted as a sign of distrust or even an insult as the process of giving feedback often clashes with the need to "save face" (Schneider and Barsoux, 1997, P.141). For example, Zhu et al. (2000, P.36) found that due to Taiwanese corporate cultural emphasis on harmony, it was very difficult for the majority of enterprises to fully implement individual performance pay. However, due to global competition, Taiwanese management seems to be searching for a transition to performance based pay. To test the attitudes of Taiwanese managers in the UK towards performance and reward, the following items were constructed. Reward/disagreement (on a 4-point scale) was requested of the statements [Question 15; 1-6]:

(1) Employees should be judged on their loyalty, co-operative spirit and personal qualities, not just on their ability to achieve high performance on their job.

(2) To reward individual performance undermines the harmony in the organisation.

(3) Employees should be able to discuss the reviews.

(4) Performance appraisal should be utilised to identify training needs.

(5) Promotion criteria should be explicit.

(6) Promotion decisions should take personal character into account /performance into account/both personal character and performance into account.

Zhu et al (2000, P.40) found that the trade union movement in Taiwan has remained subservient to the government until 1987. When martial law was lifted, the union movement emerged and more independent unions were established. The amended Trade Union Law in 1975 required unions to be established in most workplaces with more than 30 employees (Lee, 1988; Warner, 1995). However, the reality is that even now a large number of such enterprises are without union organizations. In contrast the UK has a history of two hundred years of trade unionism, which while weakened, is an established part of the institutions of employment.   The question on trade unionism, simply asked *do you recognize a trade union?*

6.3.3 HRM

To test the diffusion of the dominant Western HRM model some questions were borrowed from Sparrow and Wu (1998) and modified. These questions focus on HRM functions in order to avoid culture influence in the questions. Agreement/ disagreement (on a 4-point scale) was requested of the following statements [Question 12]:

(1) HRM practices should integrate to corporate strategy in your organisation.

(2) Employees are empowered to make decisions about their work.

(3) Performance is measured against goal setting (Management by objectives).

To assess whether the managers had adopted a 'job-oriented' or a 'person-oriented'

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approach to external staffing focusing on the generic qualities and behaviour required by the organisation questions were borrowed from Sparrow and Wu's (1998) survey of HRM in Taiwan. Reward/disagreement (on a 4-point scale) was requested of the statements [Question 13; 4-6]:

(4) I prefer to recruit someone on the basis of his or her ability rather than his or her personality.

(5) I prefer to recruit someone who not only can do the job but also will fit well into the organisation and get along with colleagues.

(6) I prefer to recruit employees straight from school/college.

HRM concepts as `commitment` to the company and the growth in the `quality' movement have led senior management teams to realise the increased importance of training, employee development and long-term education. There has also been more recognition of the need to complement the qualities of employees with the needs of the organisation. The statements on training and development were [Question 14]

(1) Training is a cost and not an investment.

(2) Continuous investment in training and development can leverage employees' knowledge in order to enhance organizational efficiency.

(3) Employee development and long term education can enhance the commitment to the company.

(4) Training should be focused on improving technical skills.

(5) Training needs should be determined by the individual employee.

(1-3) is based on the value of Taiwanese culture and HRM and question (4-5) is from Sparrow and Wu, 1998)

The search for greater employee commitment to the organization has explicitly informed the more recent use of various long-established systems linking pay to indicators of company performance, and has been similarly important in the introduction of other forms of financial participation, such as employee share-ownership. [Question 15] Such a goal has clearly underpinned the statutory support provided over the last decade for employee share-ownership and profit-sharing schemes (Kessler, P.260). A more fundamental assault upon collective employment relations through the encouragement of individual commitment to the organizations has been reflected in the increased use of individual performance-related pay. However, the ways in which the individual performance-related pay systems have sought to generate employee commitment are more varied and perhaps more sophisticated than those associated with company-based schemes (Kessler, 1995, P.261).

Performance-related pay in practice is linked with performance appraisal. Broadly speaking the appraisal system can be seen to have two main purposes. One is to assess performance with the intention of linking it to a pay award. Another is to assess performance to highlight training and development needs. (Beardwell and Holden, 1997, P.600). [Question 16]

6.3.4 Company information

[The company information only appears in the Taiwanese managers' questionnaire].

Because company size is an important element in determining HRM strategy (Poole and Jenkins, 1992) the schedule included questions on numbers of employees and also the proportions of the workforce that were British and Taiwanese [Question 1-3]; the location of the company [Question 4]; the age of the company [Question 5].

In the pilot study Mr Yang, talked about his future plan to become a British citizen. This seems to be totally different from the pattern of American, European and Japanese expatriates whose career path is to rotate in within different subsidiaries to develop the competences to manage multinational corporations. Therefore the question *How long do you think you would you intend to stay in the UK? 1-5 years/ 5-10 years/ to be British citizen* was intended to test the generality of this among Taiwanese managers.

The personal profile of the interviewees presents the age, gender, nationality, their career path in Taiwan and UK, the education background, their current position and the length of working in this organisation.

The survey of Taiwanese MNCs was designed to count a representative sample of the population in the UK and the one of the Taiwanese HQ was to figure out a representative sample and then to make inferences about the population as a whole. The descriptive

survey was carried out by postal and Internet survey, because a mail survey has the advantage that a large sample can be surveyed at low cost (Ticehurst and Veal, 2000, P.141).

6.4 Data Analysis Procedure

Theory comes last and is developed from or through data generation and analysis, which looks like inductive reasoning, where the researcher will develop theoretical propositions or explanations out of the data, in a process which is commonly seen as moving from the particular to the general (Mason, 2002, P.180).

The main purpose of the survey was to identify common characteristics and general patterns of the entire population of the Taiwanese firms in the UK. Hence, in most parts of the analysis, descriptive statistics were used to produce and order a summary of the information. This approach enabled me to evaluate more closely the relative importance of certain variables, as well as setting the platform for the interpretation of qualitative information. With the aim of making results more comprehensible and systematically ordered, this part of the analysis was characterised by an extensive use of visual representation in the form of tables, graphs and charts. This was followed by a qualitative analysis and interpretation of the semi-structured interviews where the findings were compared and contrast with the initial quantitative study (Manson, 2002) in order to improve upon the understanding of the characteristics of Taiwanese FDIs in the UK.

Cultural distance is the degree of difference between cultural norms in one country compared to another and is based on Hofstede's (1980) classical four dimensions of national culture. (Manev and Stevenson, 2001, P.287). To illustrate the varied components of the HRM in Taiwan HQ and subsidiaries in the UK (e.g. national culture, management), this method provides instruments to measure relations between different factors or characteristics of the population to widen understanding and provide a more reliable explanation of the phenomenon. At the same time these differences put considerable constraints on performing statistical analysis, as they require various assumptions about the distribution of the population from which the sample was drawn. The survey results were analysed by SPSS, a statistical programme widely used in social science research (Fielding and Gilbert, 2000). It is comprehensive statistical software able to manage large bodies of data and is sensitive enough to be applied to a great range of different sources of information. The chi-squared test was carried out between Taiwanese expatriates and British managers, in order to identify the national culture differences in subsidiaries; Taiwanese HQ and Taiwanese expatriates were compared to assess the degree of management transfer; British management and non-management were examined to assess British work attitudes.

In addition, Euclidean distance is the most commonly used measure and widely used in the field of quantitative anthropological research (Borgatti, 1996), and in similar investigations by others working in the field of national culture in international management. We can get about 20 articles in international human resource management while searching the key words with Euclidean Distance, (for example Manev and

Stevenson, 2001; Hewett et al., 2003; Shenkar et al, 1998). Euclidean distances are the geometric distances between the individuals on the basis of the data collected (Everitt, 2002, P.134). Squared Euclidean distances place progressively greater weight on objects that are further apart, but otherwise are an equivalent measure to Euclidean distance. The Euclidean Distances (ED) between two managements, B and T (British and Taiwanese), on the basis of i dimensions of HR practices is calculated as:

$$\textbf{ED (B, T)}=\sqrt{}\textstyle\sum\textbf{i (Bi-Ti) and} \qquad \textbf{ED}^2=\sqrt{}\textstyle\sum\textbf{i (Bi-Ti)}^2$$

Both Euclidean Distances and Squared Euclidean distances are widely used, so there was no reason why either one should not be chosen for analysis in the study. Therefore, squared Euclidean Distance will be utilised to best discriminate the data between managements. It usually requires a normal distribution by using nonparametric t test (Harris, 2003, P.86).

In order to conceptualise the research phenomenon, an analytical approach was deemed to be the most appropriate. This stage, in fact, presents a bridge between the initially organized data and its final interpretation. By separating the data presentation and interpretation the aim was to give a clear and honest account of those interviewed. The Nvivo 2.0 package was adopted. The design of Nvivo was strongly influenced by grounded theory; therefore the program gives good support for the method (Gibbs, 2002, P.165). The analysis strategy adopted was cross-case analysis, which means grouping together answers from different people to common questions and analysing different

perspectives on central issues. With an interview guide approach, answers from different people can be grouped by topics from the guide. Therefore the interview guide actually constitutes an analytical framework for the analysis (Patton, 1990, P.377). While it is of course possible that the researcher's subjective position could influence the choice of categories for the nodes, to minimise this, the categories were derived from analysis of the research literature and were structured to represent the dominant themes which this suggested (Huberman and Miles, 1994).

Strauss and Corbin (1998) divide analysis in grounded theory into three stages:

Open coding: where the text is read reflectively to identify relevant categories for the nodes. In Nvivo it is easy to organise these nodes by using the node tree and put property nodes as children of the nodes they refer to.

Axial coding: categories are systematically developed and linked with subcategories, which can be done in Nvivo by rearranging the node tree.

Selective coding: means the integration of concepts around a core category, and the filling in of categories in need of further development and refinement. The similarities and differences of categories were found. A number of steps had been undertaken to identify the major variables of the research.

The analysis overlapped with data collection in order to improve both the quality of data

collection and the quality of the analysis so long as the evaluator is careful not to allow these initial interpretations to distort additional data collection (Patton, 1990, P.378) In the process of research certain assumptions had to be revised and some lines of inquiry deserted due to the difficulty of producing adequate data. Subsequently, it was found that some variables appear to have been more significant then was initially assumed.

6.5 Research Propositions

A number of central propositions contributing to knowledge development have been established as the result of the discussion in Chapter 2 and 3 which are subsequently evaluated via both the quantitative and qualitative approaches discussed in the research methodology.

1. It is believed that the traditional Chinese/Taiwanese cultural values will influence the characteristics of the HRM practices and attitudes of Taiwanese managers operating in the UK.

2. Given that this research focuses on the managing of human resources by the MNCs, it is expected that the value of expatriates is likely to close to Taiwanese HQ and that this will then affect managerial behaviour and management style in the subsidiary, which may be different from the British management style.

3. It is believed that the analysis of Taiwanese MNCs in the UK will provide some contrasting findings compared to previous studies relating to other non-Western MNCs such as those of Japanese origin.

4. It is anticipated that the factors uncovered in this research will have particular

implications for modelling and understanding the human resource management of the

Taiwanese MNCs in the UK.

Taking the conceptual perspectives derived from previous research, outlined above and in

the previous chapters, we can construct a framework to examine these research

propositions, as shown in Figure 6.1:

Figure 6.1 The framework for studying subsidiaries
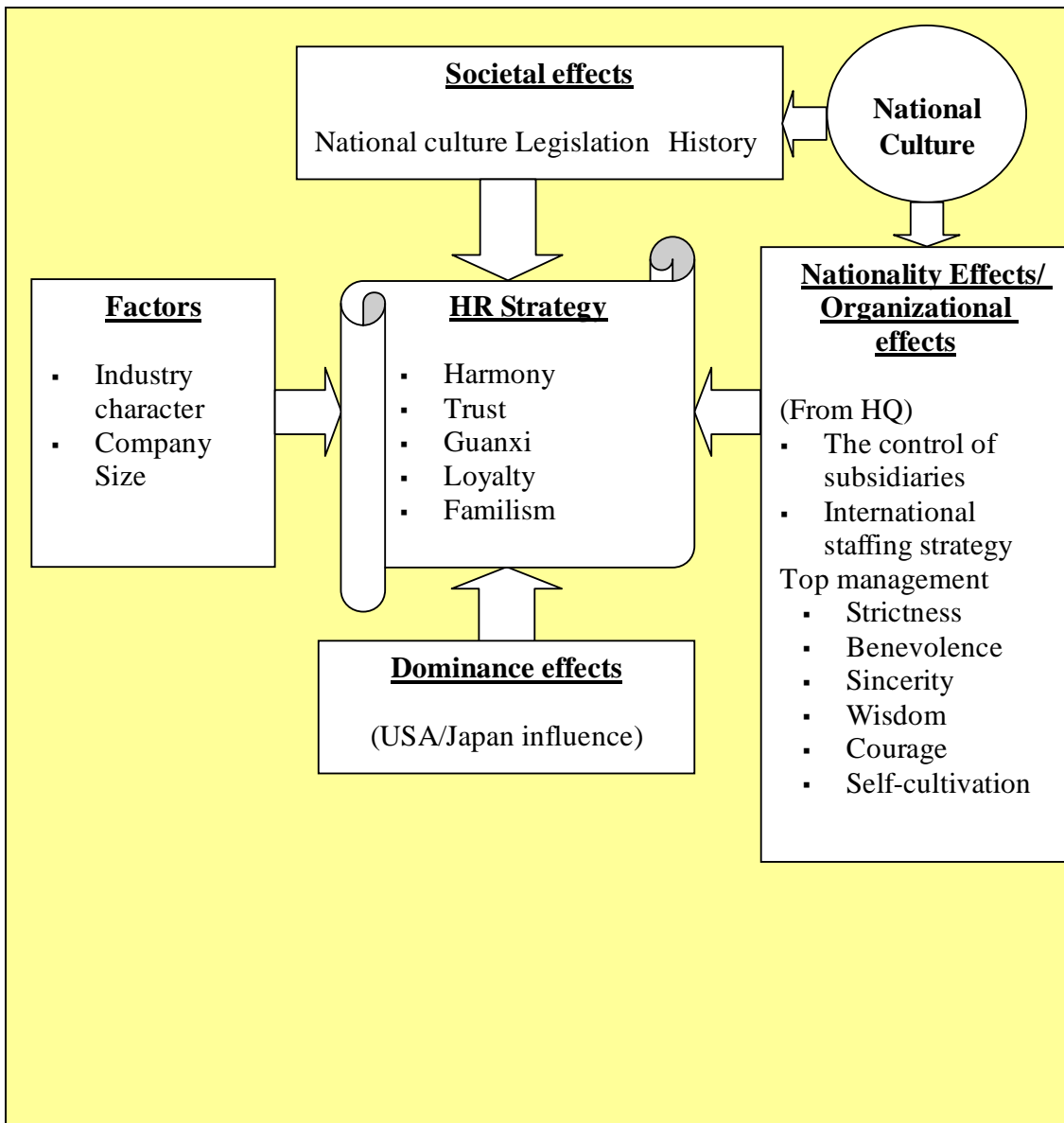
6.5 Summary

This chapter has analysed the philosophy of various research methodologies adopted in the previous research on MNCs. Before discussion around the chosen approach of

methodological pluralism, the research design was developed, with the reasons given for carrying out both quantitative and qualitative research. Details of particular approaches to be investigated were presented along with practical considerations such as sampling, questionnaire design and data analysis procedures. Finally, a number of research propositions were presented which will be subjected to the quantitative and qualitative analysis in Chapter 7.

Chapter 7 Findings and Discussion

7.0 Introduction

In order to achieve the research objectives set out in chapter 6, three groups were examined: Taiwanese managers of Taiwanese MNCs in Taiwan; Taiwanese managers of Taiwanese MNCs in the UK and the British managers of Taiwanese MNCs in the UK, to reveal the human resource management practices of each. The data analysis will present the data in two parts: first, characteristics of Taiwanese MNCs will be discussed including the strategy to invest in the UK and the profile of Taiwanese expatriates. Second, Taiwanese managers in these firms throw light on a range of issues in management, indeed, cultural issues play a key role and influence human resource management practices such as recruitment, training, appraisal, reward and communication. The quantitative data present the similarity and differences between three groups, while the qualitative data give us an insight the HRM attitude of Taiwanese management in the UK and it is presented in two ways: by extensive quotation from interview respondents and through Nvivo-generated models. The extensive quotations from interview respondents answer the five type of questions "why", "how", "where", "when", "what" to each question in the interview schedule. The Nvivo models indicate the relationship between each node and the consequence to form HRM practices.

7.1 The species of the dragon

The summarized profile of the sample is shown on Table 7.1. The table highlights the similarities and differences between firms, but also consistent differences between the industries. The Taiwanese MNCs operating in the UK are very small. Most of the firms in the IT industry firms are between 10 and 100 people, while there are under 10 people employed in most of the financial industry firms. The company size plays a significant role in the strategy of internationalization. Monks et al (2001, P.536) found that the size of Irish MNCs influenced the strategy of development of IHRM policies and practices associated with internationalization and entering markets and countries. Table 7.1 shows that, unlike the Japanese MNCs who invested in the UK in the 1970s and '80s (White and Trevor, 1983), the majority of Taiwanese firms in the UK are still in the infant stage of internationalisation, having only been here for 6-10 years. This will be discussed in more detail in section 7.3, below.

The relationship between the subsidiary and headquarters depends on the strategy for international staffing and human resource management in the subsidiary. This could be related to the MNCs staffing policies, for example their policy on parent country nationals (PCNs), host country nationals (HCNs) or third country nationals (TCNs) (Harzing, 1999, P.67). In addition, the four approaches to multinational staffing decisions - ethnocentric, polycentric, geocentric, and regiocentric - tend to reflect the managerial philosophy towards international operations held by top management at headquarters (Dowling et al 1999, P.70).

Table 7.1 Profile of the sample

IT industry	Location	Co. size (People)	Age of Company (Year)	Years in UK (Year)	Interview	Questionnaire
Rabbit Co.	Scotland	50-100	21	6-10	✓	
Ox Co.	Scotland	11-50	15	6-10	✓	
Snake Co.	Scotland	11-50	33	6-10	✓	✓
Horse Co.	Scotland	500+	29	1-5	✓	
Gold Co.	Scotland	11-50	28	1-5	✓	
Wood Co.	Scotland	11-50	30	6-10	✓	
Rat Co.	Scotland	Under10	8	1-5	✓	
Earth Co.	Scotland	51-100	33	11-15	✓	✓
Monkey Co.	England	11-50	32	6-10	✓	
Rooster Co.	England	Under 10	26	6-10	✓	
Dog Co.	England	11-50	48	6-10	✓	
Boar Co.	England	11-50	48	1-5	✓	
Dragon Co.	England	500+	26	6-10	✓	
Water Co.	England	50-100	30	11-15	✓	
Fire Co.	England	11-50	7	6-10	✓	
Sheep Co.	England	50-100	31	1-5	✓	
A Co.	England	11-50	24	1-5		✓
B Co.	England	11-50	16	6-10		✓
C Co.	Wales	11-50		1-5		✓
D Co.	England	100+	83	20+		✓
E Co.	England	Under 10	31	6-10		✓
F Co.	England	11-50	31	11-15		✓
G Co.	England	100+	13	11-15		✓
Finance Sector	**Location**	**Co. size (People)**	**Age of Company (Year)**	**Years in UK (Year)**	**Interview**	**Questionnaire**
Tiger Co.	London	11-50	100	11-15 years	✓	
Rose Co.	London	Under10	38	6-10	✓	
Daffodil Co.	London	Under10	45	15-20 years	✓	
Tulip Co.	London	11-50	105	20+	✓	
Daisy Co.	London	11-50	85	11-15	✓	
Bluebell Co.	London	Under 10	20+	20+	✓	
Iris Co.	London	Under 10	58	6-10	✓	
Lily Co.	London	Under 10		6-10	✓	
H Co.	England	51-100	33	6-10		✓

Table 7.2. The number of expatriates related to firm size

SIZE * EXPATNO Crosstabulation

Count

		EXPATNO								Total
		0	1	2	3	5	6	8	14	
SIZE	1-10	0	6	1	1	1	0	0	0	9
	11-49	1	3	4	4	0	0	0	0	12
	50-99	0	0	2	1	0	1	0	0	4
	100+	0	1	0	0	1	0	2	1	5
Total		1	10	7	6	2	1	2	1	30

In Perlmutter's original model (Perlmutter, 1969), personnel management with an ethnocentric orientation focuses to a great extent on recruiting and training parent country nationals (PCN) for key positions. The parent company maintains a high degree of control over the operation of the subsidiaries since decision-making authority is in the hands of expatriates who dominate the key positions (Shuler and Dowling, 1999 P.9). Polycentric personnel management is based largely on the view that values, norms and customs differ from country to country and that local markets can therefore best be reached by local managers. The subsidiaries are allowed a relatively large measure of autonomy although financial controls ensure that headquarters can intervene immediately if anything goes wrong

The Taiwanese international staffing strategy is similar to ~~the~~ European and US MNCs, who typically employ more local managers and far fewer expatriated staff in their foreign subsidiaries than do Japanese MNCs (Poole and Jenkins, 1992, P.360). In the Taiwanese FDI case, it tends to be a mix of ethnocentric and polycentric. Table 7.2 shows the distribution of expatriate numbers of Taiwanese MNCs in the UK and that the majority of firms in the survey were employing between 1 to 3 expatriates in the subsidiary and this

strategy doesn't relate to company size.

There are British managing directors in four firms (Rabbit, Dragon, Gold and Earth) in the IT industry. The Taiwanese expatriates are mainly operation managers (technology transfer) and financial managers. Although the other 12 firms have Taiwanese managing directors, their key managers are British.

Unlike the IT industry, the financial service industry employs Taiwanese expatriates in their key positions. Expatriation in the service industry is formalized with the average time of expatriation being 2-5 years and implementing similar practices in HQ.

> *"The duration for expatriation to UK is four years" (Tiger Co., interview General Managers, May, 2003).*

The local staffing strategy also influences the employment relations and its HRM practices. Taiwanese MNCs in the financial service industry employ mainly overseas Chinese, thus, there seems to be less cultural shock and expatriates implement similar management practices easily, compared with Taiwanese MNCs in the IT industry. Taiwanese MNCs in the IT industry face a cultural difficulty, thus they seek British HR managers to ease conflict. In terms of training, Taiwanese MNCs in both the IT industry and the financial service industry enjoy local autonomy, they can decide on training programs either in HQ, through in-house training or through local consultancies.

7.2 The profile of Taiwanese managers in the UK

Taiwanese expatriates profile will be displayed with the following categories, gender, education; age, work experience and the nationality change from Taiwanese to British, which help us to understand their value construction.

The distribution of the expatriate formal educational background of Taiwanese managers in the UK demonstrates the large number of participants (51.4%) in the survey who had college and undergraduate degrees. As shown in table 7.2.1, a relatively high proportion (48.6%) of the education level was postgraduate.

Table7.2.1 The educational background of Taiwanese managers in the UK

EDUCATIO				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Postgraduate	17	48.6	48.6	48.6
	college and undergraduate	18	51.4	51.4	100.0
	Total	35	100.0	100.0	

Education
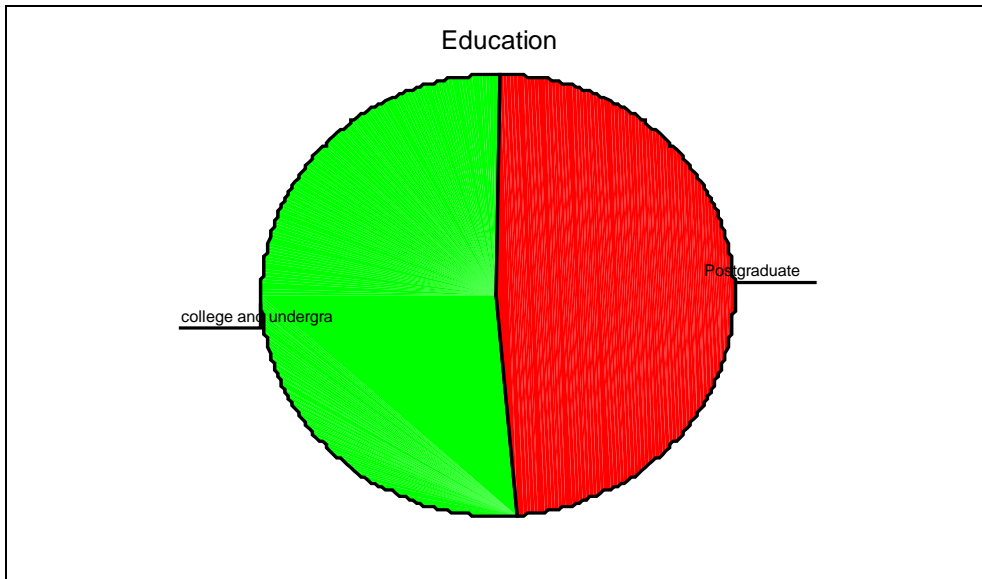
The gender of the expatriates indicates the significant imbalance with 85.7 and 14.3 per cent for male and female respectively. Table 7.2.2 indicates expatriate's selection, excluding women in international assignments. Gender still plays a significant role in international staffing. The strategy of the international staffing has been discussed in the section of 7.1 The species of the dragon.

Table 7.2.2 The gender distribution of Taiwanese managers in the UK

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	30	85.7	85.7	85.7
	female	5	14.3	14.3	100.0
	Total	35	100.0	100.0	

GENDER

GENDER
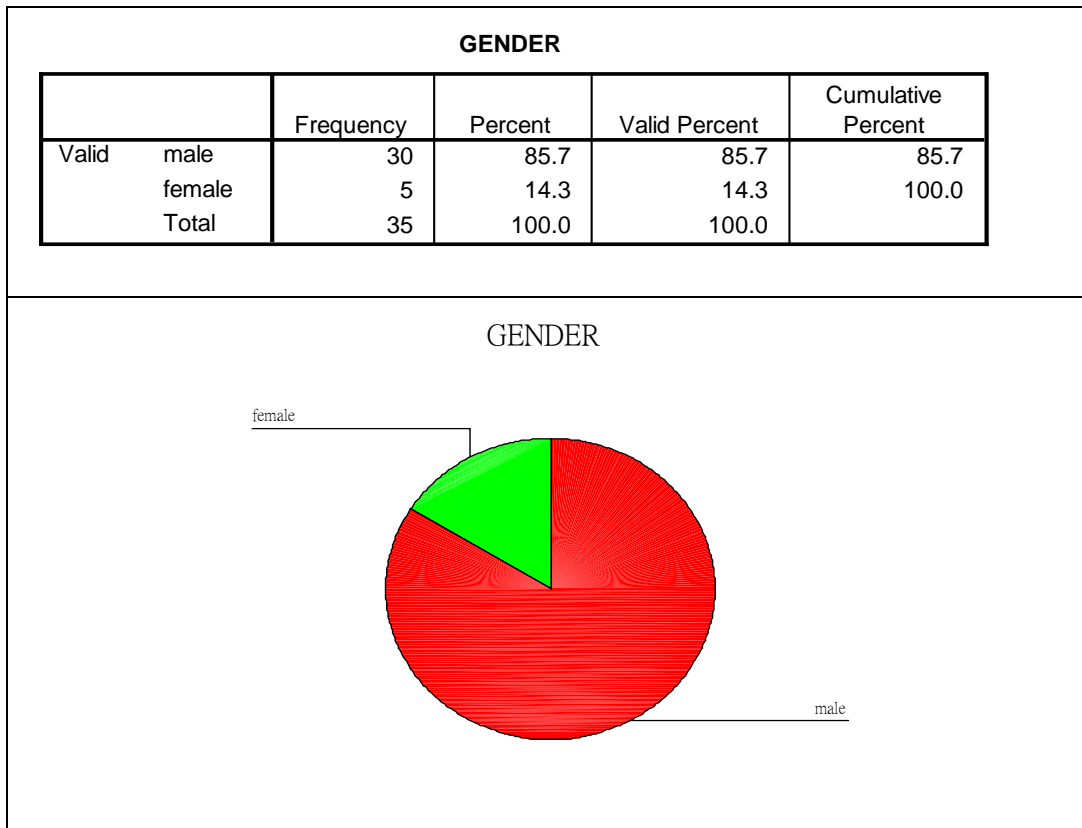
As table 7.2.3 shows, the dominant age group of the respondents was 40-49 years old (60.0%), and a relatively high proportion of respondents (25.7%) were aged 30-39 years old. Only a few respondents were from 50-59 and 20-29 year old categories (respectively: 11.4 per cent and 2.9 per cent).

Table 7.2.3 The age profile of Taiwanese managers in the UK

AGE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-29	1	2.9	2.9	2.9
	30-39	9	25.7	25.7	28.6
	40-49	21	60.0	60.0	88.6
	50-59	4	11.4	11.4	100.0
	Total	35	100.0	100.0	

AGE
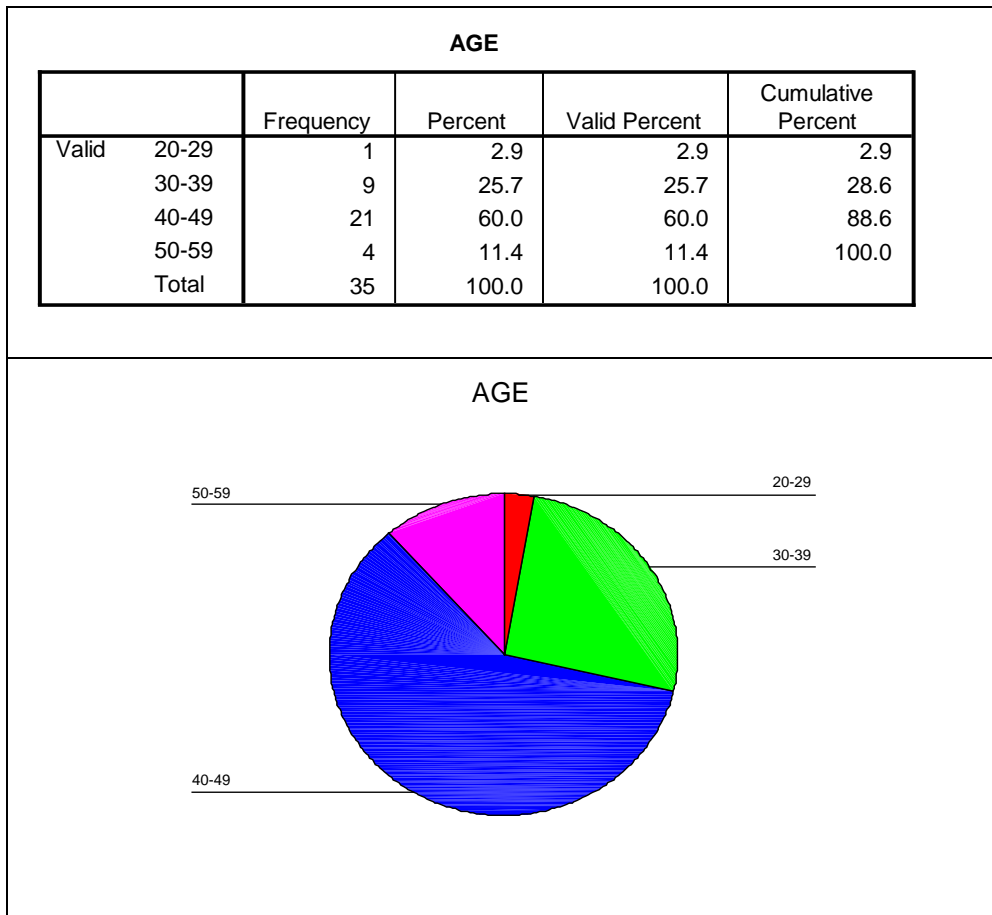
The largest group of respondents (34.3%) had been working in Taiwan for 11-15 years before moving to the UK and working for the same firms, which influences their expectation to work in the firm long term (please see 7.4.2. loyalty section).

Table 7.2.4 Work experience in Taiwan

WORKINT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	2	5.7	5.9	5.9
	1-5	6	17.1	17.6	23.5
	6-10	6	17.1	17.6	41.2
	11-15	12	34.3	35.3	76.5
	15-20	5	14.3	14.7	91.2
	20+	3	8.6	8.8	100.0
	Total	34	97.1	100.0	
Missing	System	1	2.9		
Total		35	100.0		

Working experience in Taiwan
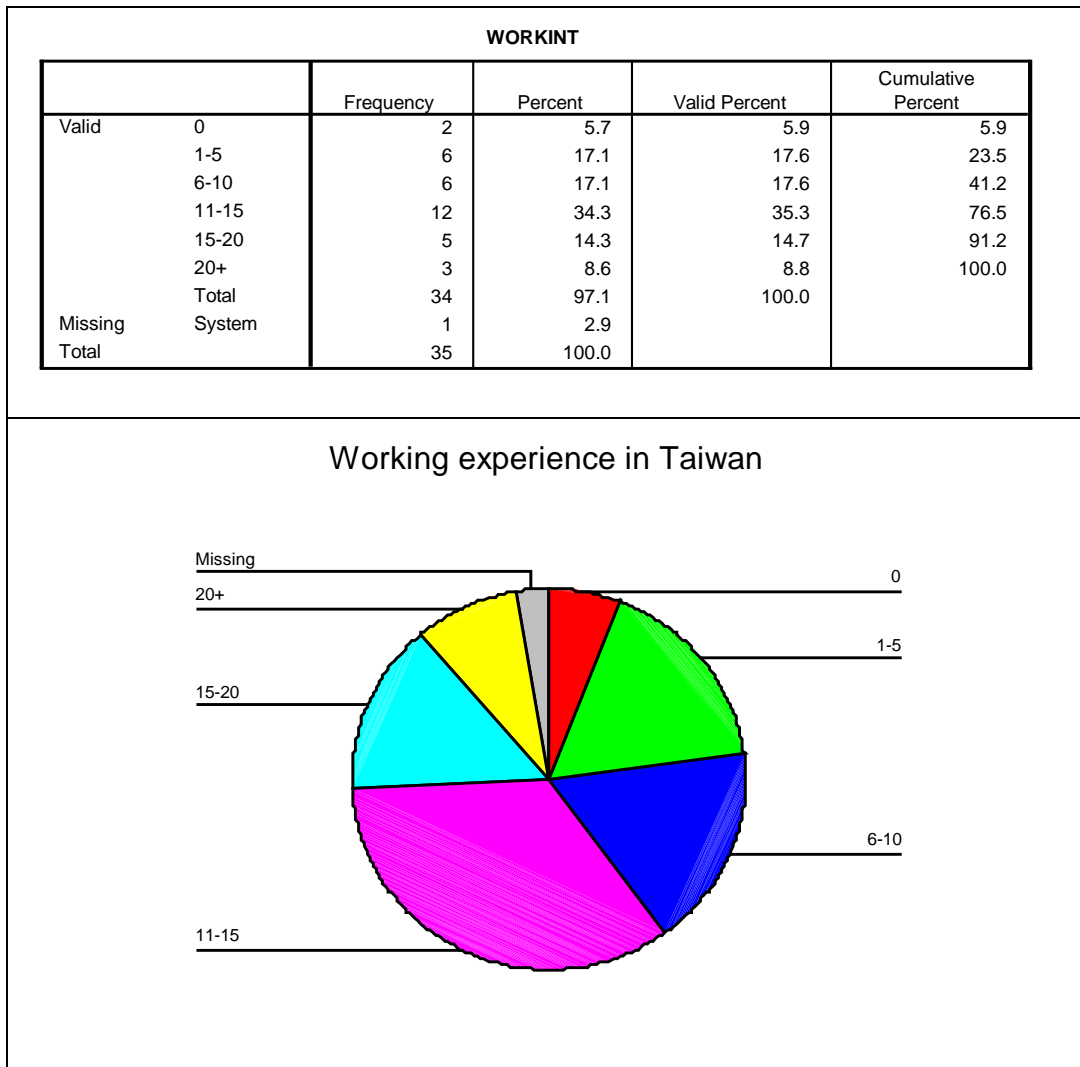
It can be seen in the table 7.2.5, half of Taiwanese management have worked in the UK for 1-5 years and a relatively high proportion of Taiwanese expatriates have worked in the UK for 6-10 years (42.9%). The interviews reveal that the IT industry mainly has not had an expatriation system or return to HQ; however, in the financial service industry the expatriation system is usually a 2-5 years rotation. The major firms have a clear preference to recruit internally for international assignments; this is related to the main

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theme of 'trust' in Chinese management.

Table 7.2.5 Work experience in the UK

WORKINUK					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5	17	48.6	50.0	50.0
	6-10	15	42.9	44.1	94.1
	20+	1	2.9	2.9	97.1
	local hireT	1	2.9	2.9	100.0
	Total	34	97.1	100.0	
Missing	System	1	2.9		
Total		35	100.0		

Working in the UK
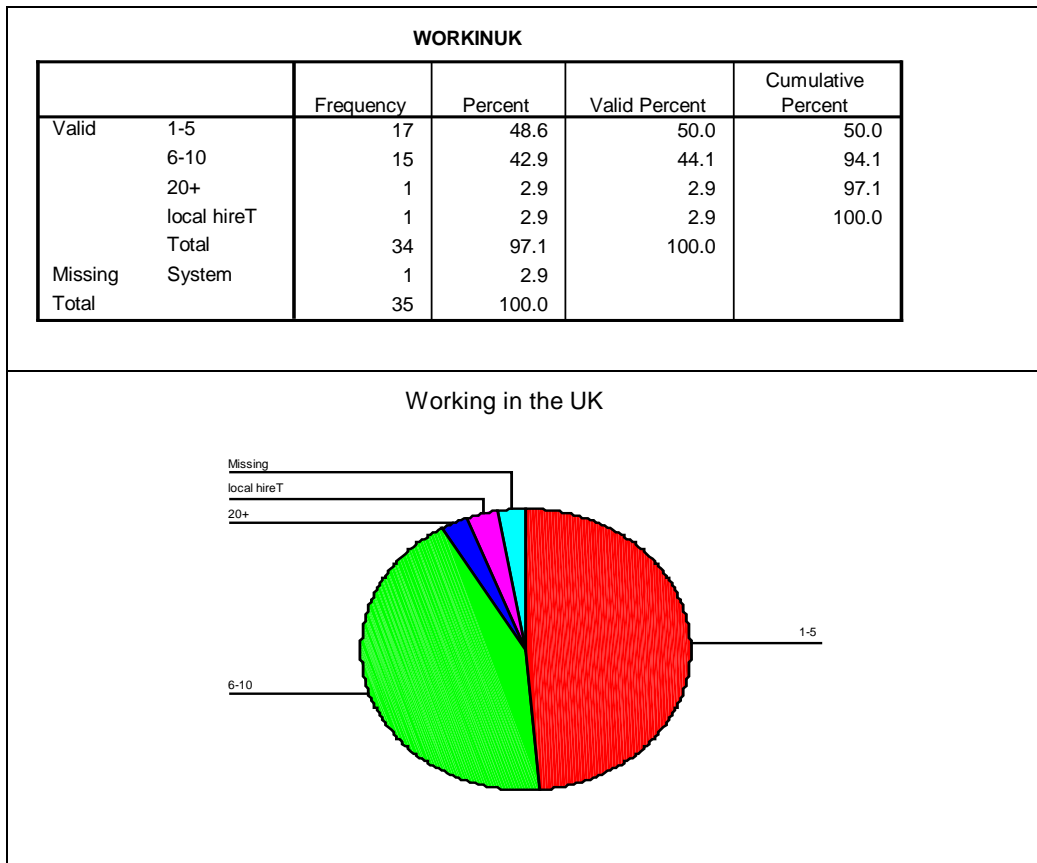
The systemized job rotation in the financial service industry also reveals an interesting differences in terms of the nationality change between the IT and financial service industry (Please see table 7.2.6). In general, people have to have a work permit to work in the UK for four years and then they can apply to be permanent residents in the UK. As the IT industry doesn't have a very rigid expatriate system; they often stay in the UK for longer than five years, and take out UK nationality (discussed below).

Table 7.2.6 Nationality alternations

INDUSTRY * NATIONCH Crosstabulation

Count

		NATIONCH		Total
		British	Permanent	
INDUSTRY	IT	13	1	14
	service	2	0	2
	machinery	0	1	1
Total		15	2	17
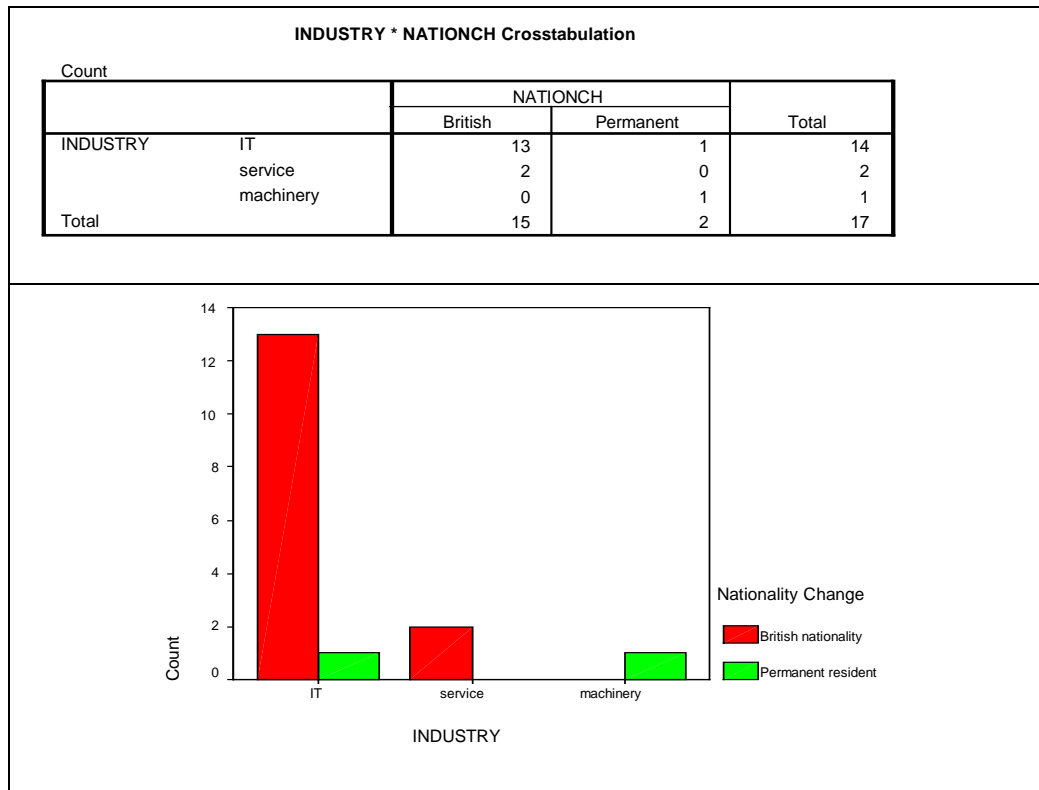
It certainly hard to explain the phenomenon of the nationality change of Taiwanese expatriates, and it might not happen to expatriates in American MNCs, European MNCs and Japanese MNCs. One possible reason might be that international society such as the United Nations doesn't consider Taiwan as part of China rather as an independent country, which certainly causes problems for the businessman, especially. When the Taiwanese MNCs operating in the UK has a European HQ, being British can allow them to travel in Europe without a visa. It can make a difference where there is a need for an urgent business trip and the Taiwanese expatriates would need two weeks in advance to apply for a visa to enter continental Europe.

"You know our passport is very troublesome. We need to have visa to go to Europe, so it is very inconvenient for me to have a Taiwanese passport. Taiwan recognizes dual nationality. So, it is not a problem. My boss also encourages me to become British. It's good for business trips." (Dog Co, interview managing director, 4th March, 2003)

There are other reasons for Taiwanese to change their Nationality. First, the unstable political situation in Taiwan: Taiwan has been threatened by Mainland China for over fifty years. Second, the internal political chaos: after mainlanders migrated from China to Taiwan, Taiwanese elites who were educated under Japanese colonization strongly resisted government from Mainland and some Taiwanese or mainlanders who were oppressed by Kuo-Ming Tang, decided to migrate to other countries. Fifteen years ago, the first Taiwanese person became the president of Taiwan, so the offspring of mainlanders who dislike the political change would take action to migrate to other countries. The problem of the national identity and the domestic political chaos make Taiwanese expatriates alter their nationality.

7.3 The arrival of the dragon in Heathrow

Taiwanese MNCs have varying motivation to invest in the UK, depending on the industry involved. Most Chinese business firms, particularly in IT, prefer to operate in the interstices of the trading and subcontract world. Thus, their internationalization strategies are controlled by giant global corporations such as US or Japanese MNCs (Yeung, 2000, P.101). As discussed in chapter 5, production in Taiwan is often organized through what

is called a "satellite assembly system". Satellite assembly systems vary in terms of the relative size of the firms directly involved. In general, a group of small, medium and some times large independently owned firms join together to produce a product that has been ordered by an overseas buyer (Hamilton, 1997, P284-285). The internationalization within a particular industry is seen a series of domestic industries where they compete against each other on a worldwide basis (Makhija et al, 1997, P.680). The industry character influences the location chosen, for instance, the major character of Taiwanese firms in the IT industry are ODM (Own Design Manufacturing) or OEM (Own Equipment Manufacturing). Being near customers means that they can offer technical support, assembly and service. If the Taiwan HQ intends to do business with OBMs (Own Brand Manufacturing) such as IBM or HP, they should have a branch in Europe to demonstrate their capability to deal with global supplies. The function of Taiwanese MNCs in the IT industry here can be technical support, assembly, service and sales.

The US and UK have been popular locations for MNCs seeking to establish links with higher education institutions because of the high quality academic knowledge base, the openness of their academic institutions (Lam, 2003, P.675), as well as their networking orientation and markets (Morgan and Whitley, 2003, P.610), (please see also Chapter 1 introduction: the research context for further details). Research in south East Asia and the US (Tsia and Cheng, 2002) has shown that overseas Chinese firms tend to take a foreign direct investment route when internationalising, although there has been little similar research in Europe and the UK. As discussed in Chapter 5, Makino et al (2002, P.418) found that Taiwanese MNCs tended to invest in developed countries such as USA when

they had strategic asset-seeking and market-seeking motivation. Taiwanese MNCs are motivated to invest in developed countries when they lack some component of technology that is necessary to compete in the developed countries market if that component is available in the developed countries.

However, the cases in the IT industry in this research do not confirm the Makino et al (2002, P.418) findings relating to the desire to gain access to advance technology by investing in developed countries, although it can be found that this is the case in the financial service industry (Please see table 7.3.1). The interview data show that Taiwanese MNCs in the UK do not seek advanced technology because Taiwan has a national competitive advantage in IT industry in terms of research and design.

As Table 7.3.1 shows, Taiwanese MNCs in the IT industry came to the UK because of their customers. The location chosen for Taiwanese MNCs in the UK, rather than the rest of country in Europe, is based on their networking orientation and markets. The interview data indicate that Taiwanese MNCs seek markets near customers. Why Europe? Because of the globalization (uneven global distribution of technology and wealth), Taiwanese IT companies believe that there are only three big markets in the world and that Europe is one of them. Fourteen firms in the IT industry chose their location to be near major customers.

> *"For business, there are three big markets in the world, America, Europe and Asia. Customers like IBM and HP like their business partner to work in the front line in order to shorten the time. Of course, we are in the world project, for*

example, the European market needs to support 30 million computers for IBM. If the products come from Asia, the supplier chain is very long. It takes a month to ship here. In order to save time, we just ship the big and heavy parts to here and then assembly it. After a customer orders it, it only takes 3 to 5 days to receive the products. Not like before, they give us an order and then one and half months later, they receive the products." (Water Co., Interview managing director, 24, July 2003.).

As we had discussed in Chapter 5, Taiwan is a network society, thus, a location near to customers is a very important factor not only for market or economic reasons but also Taiwanese management culture (see discussion of *guanxi* and organisational structure in Chapter 5). Because of market orientation, the new trend can be seen in the field, where big manufacturing Taiwanese MNCs, especially in Scotland, such as Horse, Rabbit and Earth Co., have taken action to migrate to Eastern Europe owing to the US MNCs move to Eastern Europe, such as HP and IBM.

Table 7.3.1. The purpose of entry

	IT Industry	*Service Industry*
Market Orientation	Customers here	Information collector
Research & Design	In Taiwan	In Britain
Location chosen	Near customer	London is world financial and banking centre
Action	Independent investment	Independent investment
Guanxi with business partners	Form in Taiwan/UK	Form in UK

As discussed in Chapter 5, Chen and Chen (1998, P.463) studied Taiwanese FDI patterns and found that Taiwanese firms are keen on forming external network linkages, which are separated into strategic linkage and relational linkage. Taiwanese external *guanxi* is more relational linkage based, which refers to bonds based on personal relations or business transactions that create trust and mutual understanding. The data from this study confirms the work of Chen and Chen (1998). It is very important to be near the customer for Taiwanese MNCs in order to build up business relationships as shown in the table 7.3.1, *guanxi* is forming in UK in both industries. Taiwanese managers undertake certain activities that aim to increase their business by socialization with their customers in order to keep good business relationships. The activity of *guanxi* is based on face-to-face communication. By doing so, the business relationship can be bonded. However, to some extend, Taiwanese managers find it quite difficult to maintain this kind of *guanxi*, because British customers don't have such a business tradition.

"I think customers are most important in guanxi. We have a customer day in July. We invite all the customers to join the party, but later, they can come with their family. My company held a party in Ayr to play (bid) horse racing. They liked and appreciated it. Before Christmas, we will send them wine as gifts. As you know, western people don't like to socialize with customers after work. I ask them what their favourite wine is and then buy it in Macro. I ask the salesmen to give gifts to our customers. We call them out to the parking lot and then give them to put in the car trunk. You know they can't bring the gifts to their office".
Do you think it is useful?
"Of course. I also tried to invite them to play golf with me but they don't like it".
(Wood Co, interview Managing director, 10th,June, 2003)

A firm's position in the national network prescribes its process of internationalization because that position determines its ability to mobilize resources within the network for such an endeavour. For example, a dominant firm in the Japanese *keiretsu* can take action among the *keiretsu* members to jointly penetrate a foreign market, or to establish a production system in a foreign location similar to that at home (Prasad and Ghauri, 1995, P.285). Haley (1997, P.587) has argued that western managers would be seriously wrong to depend on their understanding and experiences with Japanese firms to deal with a Chinese style with network.

Small firms in Taiwan with a loosely structured small firm network usually take independent actions when making FDI (foreign direct investment). They, nonetheless, rely on resources within the national networks to support their cross-border operations at least initially (Chen and Chen, 1998 P.448). Unlike Japanese *keiretsu*, the entry strategy of Taiwanese MNCs is to make an independent investment in the UK and then form business networks.

In addition, Taiwanese MNCs in the IT industry in the UK transfer information about any faults in the products back to headquarters. They are near customers and detect problems with products and they report back to research and design centre by email.

> *"I am giving a service here, because timing is important to our customer when they have a problem, we have to support them and at the same time, we have to find out what the problem is and then report to Taiwan, to the design centre. It becomes very important in business and our customer, IBM or HP, also reckon*

our companies have to have someone here to help them so now I am in charge to setup the service centre in Boston that's why I told you that I am very busy" (Rat Co., interview Managing director, 20th, April, 2003).

On the other hand, Table 7.3.1 shown that the locations chosen by the financial sector firms shows a slight divergence from the IT industry, because of the national competitive advantage of the world financial centre, London. Taiwanese banks are mainly state-owned so they came to UK in the early 90s after martial law was abolished in 1988. Their businesses concentrate on wholesale information collection and new product development.

"London is the world financial centre and has geographic advantages. For example, in the morning, it is afternoon in Asia and in the afternoon it is American east coast morning time. So, banks in London can send information back to Taiwan. Secondly, financial products are on trial in the UK (R&D centre). After we modify them, we can promote the new products in Taiwan." (Daisy Co, interview General Manager, 1st, Dec., 2003.)

Companies that used to rely on ethnic entrepreneurial networks may face many difficulties in reaching their targets when they expand into highly structured markets such as those found in Western countries (Zhang and Bulcke, 2000, P.147). However, Chen and Chen (1998, P.463) also found that Taiwanese firms are keen on forming external network linkages; Taiwanese investors in the US utilize their own capabilities to build strategic linkages to local resources. Strategic linkage refers to business alliances that enhance the competitiveness of firms and reinforces the strengths or complements the weaknesses of the investors. Supporting evidence can be found in the data from this

research.

"Our business focuses on wholesale which is about 75% of our business, and it is huge amount of money. So, we cooperate with other banks to get the deal" (Tiger Co. interview General Manager, 29th, April, 2003.)

The Nvivo 2.0 can help to generate qualitative data from the process of open coding (free node), axial coding (tree node) and selective coding (model) (Strauss and Corbin, 1998; Gibbs, 2002, P.165) and presents the majority opinion of each category as well as its consequence. The 'location chosen' model is shown in figure 7.3.1. The tree node indicates the consequences of the location preference and then (29) means the number of tree node and (291) company function and (292) near customer means sibling of (29) the location chosen. The industry character (free node) influence on the location for setting up subsidiaries in the UK and it also has to take into account the function of subsidiaries, such as sales or production; as well as Chinese business salient "*guanxi*". To make *guanxi* work, being near the customer is a very important factor in choosing the location.

Figure 7.3.1 The location chosen
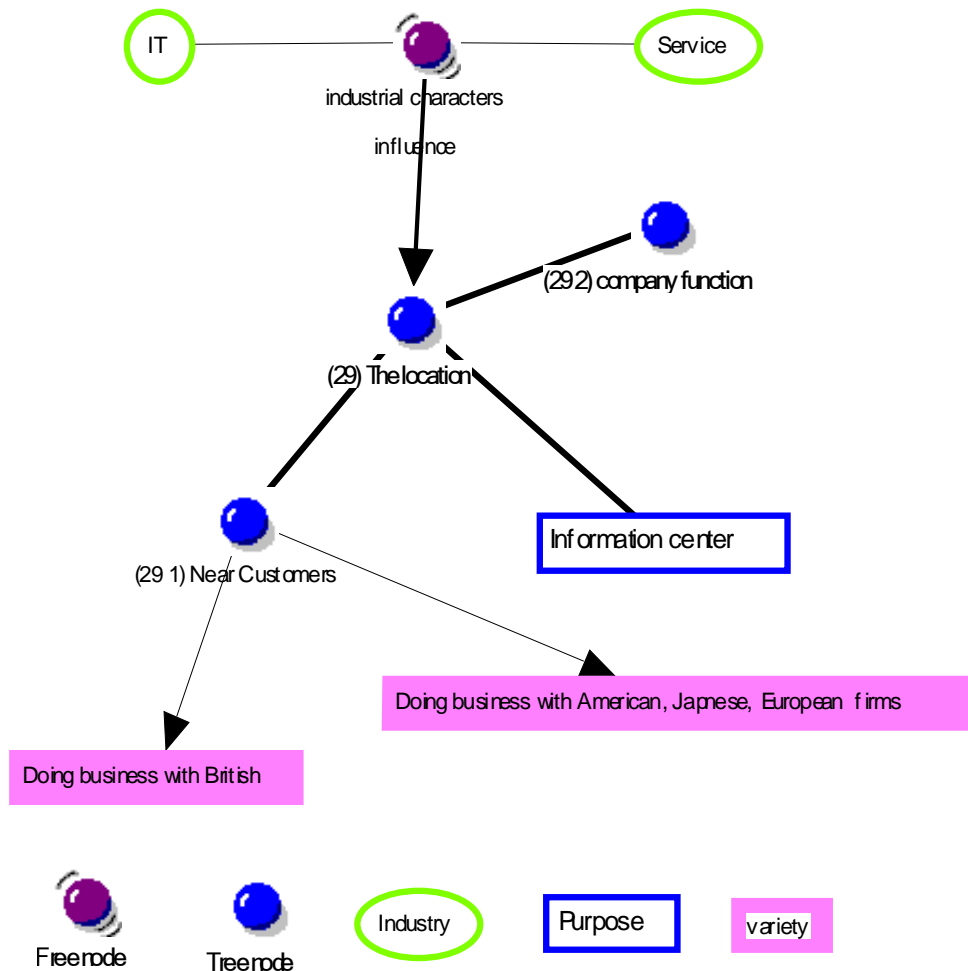
HRM is seen as an important competitive advantage; therefore, HRM has to be considered with business strategy. As shown in Table 7.3.2, a large numbers of Taiwanese managers (94.3%) in the survey indicated that it was important that HRM practices are integrated with the company's commercial strategy. Taiwanese HQ maintains financial control over its Taiwanese MNCs in the IT industry, because the business deals are done in the Taiwan HQ. The HQ only is concerned about the cost of the human resources and subsidiaries

can enjoy local autonomy in terms of human resource management practices.

Table 7.3.2 Strategic HRM

Strategic HRM	Taiwanese managers (Taiwan) N=17	Taiwanese managers (UK) N=35	British managers N=16
	% agreeing with statement		
HRM practices are integrated with the company's commercial strategy.	100%	94.3%	92.9%

"In general, we have to follow Taiwan's (HQ) order. We only can make decisions in terms of local stuff. Mainly, Taipei (HQ) decides all the business (Horse Co., interview vice-president, 13th, May, 2003.)"

"If there is a small decision, we can make the decision here. If there is a big budget we have to report to HQ. Taiwan HQ controls our budget. The revenue here has to transfer back to Taiwan, so every thing has to get permission from Taiwan HQ. If they don't accept the budget, we can't get any money (Ox Co. interview managing director, 2nd, May, 2003.)"

As shown in the figure 7.3.2, the situational based philosophy- (1 1) of Taoism influences the HR strategy of Taiwanese firms in the UK and also the relationship between HQ and subsidiaries. In order to avoid conflict and language barriers, the (12) strategy of HR adopted by Taiwanese MNCs is that (12 2) British manages should manage British workers. Thus, only one or two are Taiwanese expatriates and the rest of the employees are British (Please see the expatriates composition related to company size in the table 7.1.2)

Figure 7.3.2 Strategic HRM
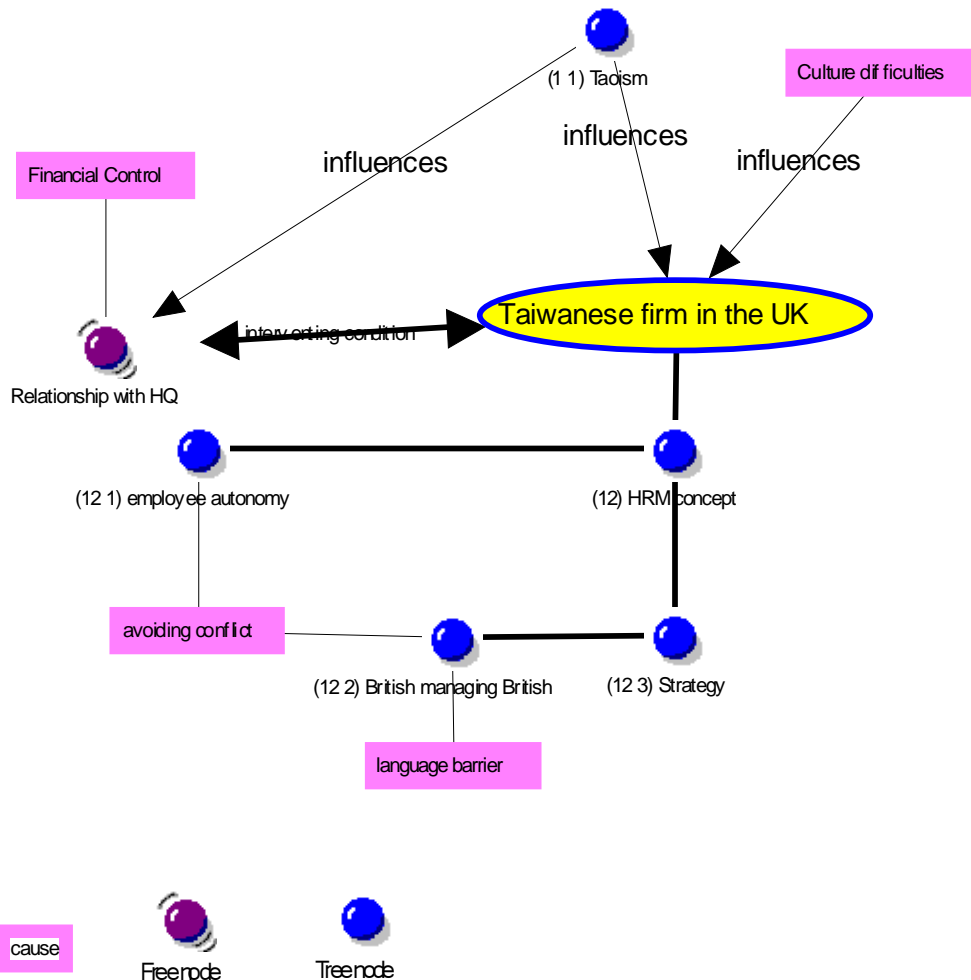
7.4 The Style of the Dragon

The interviews reveal that the main themes of HRM – commitment, empowerment, high trust and transformational leadership - can also be found in Taiwanese management but the techniques or routes to *achieving* these goals will be different in the Taiwanese firms in the UK because of the cultural values of the Taiwanese managers. The techniques to

achieve the HRM goals will rely on processes, such as *guanxi* and socializing outside work. These differences will be demonstrated in the following sections by a comparison of the responses of Taiwanese managers and British managers suggesting that the accepted techniques of the dominant US/European HRM model are not culturally neutral but rooted in Western cultural and individualistic values.

In the next sections we will take key Taiwanese cultural values and demonstrate how they influence our Taiwanese managers' views of the key human resource management functions of recruitment, reward, and development and such underpinning concepts as commitment.

7.4.1 Harmony

Harmony is one of the most important elements in Taiwanese organization, and it is associated with the theme of HRM practices, recruitment, performance appraisal and reward. Taiwanese management advocates cooperation and group reward, derived from the philosophy of Confucianism and Taoism. Benevolence is the central theme of Confucianism and one of the criteria of Sun-Tzu leadership, a benevolent person is not happy if he is successful or able to understand the truth while others are not. He feels obliged to help others to succeed or comprehend themselves (Fernandez, 2004, P.26-28). Table 7.4.1. shows the strength of agreement in, within the three sub-sets of the research population, with the propositions in the questionnaire and interview schedules

Table7.4.1: Harmony

Harmony	Taiwanese managers (Taiwan) N=17	Taiwanese managers (UK) N=35	British managers N=16	P
	% agreeing with statement			
Q1. To reward an individual's performance undermines harmony in the organization	70.6%	77.1%	31.3%	0.02*
Q2. A good personal relationship outside work will get the work done efficiently.	94.1%	91.4%	50%	0.001*
Q3. I prefer to recruit on the basis of ability rather than personality	47.1%	40%	68.8%	0.057
Q4. Employees should be judged on loyalty, cooperative spirit and personal qualities, not just ability,	100%	94.1%	93.8%	0.940
Q5. Performance is measured against goal setting (Management by objectives)	100%	91.4%	75.1%	0.114
Q6. It is always a good thing to have conflicts and differences of opinion openly discussed	88.2%	74.2%	81.3%	0.586
Q7. It is very difficult to have professional disagreements without creating personal animosity	22%	17.1%	25.1%	0.512
Q8. A good personal relationship between managers and subordinates in work will get the work done efficiently.	100%	100%	87.5%	0.094
Q9 Employees should be encouraged to become shareholders in the company.	94.1%	62.9%	68.8%	0.683
	% preference			
Q10. The preference of group reward	52.9%	51.7%	6.7%	0.001*
Q11. An employee's rewards should focus solely on company and individual performance	100%	91.4%	81.3%	

Q1.-Q9. variables measured on a four point scale: 1. Strongly Disagree;

2. Disagree; 3. Agree; 4. Strongly agree. * P<0.05

Recruitment

The most important criterion in the selection process was whether the applicant would be able to work together harmoniously with the existing employees (Hempel and Chang, 2002, P.90). Similarly, as can be seen in Q3. from Table 7.4.1, Taiwanese management perceived personality to be more important than ability and a 'good' personality meant someone who can retain good work relationship in an organization and cooperative spirit.

> *" I think personality in recruitment criteria is very important. Ability is very important but personality is much more important than ability. e.g. few days ago, we hired a worker who has very good ability, but he threw a disk and made the factory very messy. He said he would quit the job. I said put it in writing. He apologized next day and wanted to come back next day, but I said "no" to him (Rabbit Co., interview production manager, 2nd May, 2003)."*

Reward

Taiwanese firms emphasize the factor of internal equity when designing their compensation systems as well as encouraging cooperative, interdependent behaviours, which leads them to set up group criteria for job appraisal (Huang, 2000). Due to the emphasis on cooperation, individual performance appraisal is unlikely to be adopted in an organization. According to Q1. in Table 7.4.1 above, Taiwanese managers in the UK and British managers are completely different *(P=0.002)*. Taiwanese managers believe that to

reward individual performance undermines harmony in the organization. By contrast, British managers demonstrate a more individualist orientation. While the British mangers were used to basing reward on individual performance, the Taiwanese management were more used to working in a harmonized work environment, and saw individualism as not good for the organization.

> *"Our company dislikes individualism, people have to work as a team, otherwise we don't regard it as a good performance (Gold Co., interview Financial director, 3rd, April, 2003)".*

> *"Of course, everyone gets different pay, and a different bonus. Bonus is based on company performance and then individual performance. For example, when we were in Taiwan, everyone has to work over time together, if the total job load is too much today, everyone will work over time and help each other to get today's job done. Thus, to reward individual performance such as in the UK, people won't help each other in the work (Ox Co., interview manager, 2nd May, 2003)."*

To demonstrate good performance, employees should not only get their job done, they should help others to get their job done. The performance appraisal criteria focus on cooperation with members in an organization in order to achieve harmony. It can be seen from Q4, shown in the Table 7.4.1, like British managers, Taiwanese managers believe that a successful company is achieved by everyone's effort in the organization, but the interviews reveal that effort is interpreted as contribution to the collective a cooperative effort.

> *"The performance appraisal criteria are attendance, task, and work attitude,*

commitment, co-operative spirit and enthusiasm. (Monkey Co. interview Managing Director, 25th, Feb., 2003)"

"In general, we still think it depends on attendance. If someone's attendance is very good, even he/she makes mistakes all the time; finally, he/she won't often make mistakes (Horse Co., interview Vice President, 13, May, 2003.)."

"A good performance means that they are not only doing their job, but also helping others to get their job done. If someone finishes their job early, he/she should help others. So everyone can go home earlier. We did it in the Taiwanese HQ (Iris Co., interview General Manager/Managing Director, 2nd, Dec. 2003)"

The principle of co-operation is also reflected in performance appraisal practice. Although the majority of Taiwanese management agree that "performance is measured against goal setting (Management by objectives)" is important (please see Q5 in the Table 7.4.1), the interviews reveal that in practice MBO is seen as only one factor in the evaluation of good performance and maybe only suitable for salesman, because it is easy to measure and based on individual performance.

"Mainly, we use MBO only for sales (Rooster Co., interview Managing director, 29th, April, 2003)."

The Taiwanese managers agree with the concept of goal setting, but the purpose of goal setting is to achieve company goals. His or her belief shows collective orientation, where everyone in an organization has a contribution to the organisational performance.

"Can MBO be achieved by an individual? It's impossible. For example, a financial manager doesn't know about the warehouse, so they need the managing director to communicate between Finance and warehouse. We need other staff's effort to make the whole company work. (Monkey Co., interview Managing director, 25th, Feb, 2003)."

From the Q10. of the Table 7.4.1 it can be inferred that the cooperative values also can be seen in the reward system. Half of Taiwanese managers prefer group credit or reward for teamwork, while most of British managers prefer individual reward. Because of collectivist orientation, group reward is seen as a good technique to encourage the cooperation in an organization.

"I like group reward because everyone's effort can be rewarded. I think nobody can get a task done by him or herself. In the organization, we need everyone to cooperate to get the job done (Rose Co., interview Managing director, 2nd, Dec., 2003.)."

Taiwanese are collectivists; they define themselves as members of clans or communities and consider common goals and the group's welfare as most important. Thus, as can be seen from the Table 7.4.1, Q11, the sequence of reward of Taiwanese management indicates that first the company achieves good performance and then individuals can be well rewarded. The company's financial performance has priority. They believe that company achieves good performance due to the contribution of every member in an organization.

"The performance is based on company performance and then individual reward.

How can you give employees rewards, if the company doesn't have profit? (Snake Co., interview Managing director, 8, April 2003)."

It is very important to encourage participation and cooperation with other members in an organization for a harmonized workforce. The legal regulations in Taiwan also contribute to this strategy. For example, Provision 267 of the company law, which indicates that a company should reserve 10-15 per cent of the newly issued company stock for its employees to purchase in advance, while issuing new stock (Cin et al, 2003. P.925).

As Table 7.4.1 Q9, 94% of Taiwanese managers in Taiwan agree the "employees should be encouraged to become shareholders in the company", while, Taiwanese managers and British managers in the UK have very similar attitude toward financial participation about 30% lower agreement to it, respectively, 62.9%, 68.8%. There is thus a societal effect in Taiwanese MNCs in the UK in respect to financial participation, perhaps because Taiwanese firms in the UK do not have share in the British stock market. Although some of Taiwanese MNCs have a profit sharing scheme with shares in the parent company for expatriates, it does not apply to their employees in UK. Another reason should depend on the company financial performance. If the Taiwanese MNCs have a good share price in Taiwan, the Taiwanese managements in the UK definitely show a positive perspective, because the share scheme is also apparent in companies with expatriation compensation.

"Companies should encourage employees to have shares, because it is part of your investment. Employees will make an effort in their job (Rabbit, interview, 2nd,May, 2003)."

If the company HQ has a bad share price in Taiwan, the managers tend to have a negative opinion of financial participation in share schemes. That's why a relative high proportion of Taiwanese managers (12) disagree on it.

> *"My pension is stock share in the Taiwan HQ. The share of my company is very low in Taiwan now, so I disagree with encouraging employees to become shareholder (Daisy Co, interview Managing director, 1ˢᵗ. Dec. 2003)".*

As can be seen in the Figure 7.4.1, the tree node (6) Reward has two types: (6 3) the bonus and (6 24) share scheme. Some companies in the UK have bonuses, which can be referred to (6 3 1) group reward because they depend on (6 3 2) company performance. Therefore, the (6 2) individual reward is based on the (6 4) company and individual performance. The bonus is seen as (6 3 3) following Taiwan HQ, as a means to control employees and (6 3 4) a favour from the managing director, which contributes to (*guanxi*) employment relations (as discussed in the section 7.4.4 *Guanxi)* and drives from the "benevolent" in the Sun-Tzu model of leadership, as discussion in the section 7.4.7. (6 24) Share schemes are not provided for the UK subsidiary, but only for expatriates, which can contribute to commitment based on (6 241) the Taiwanese institution.

Figure 7.4.1 UK based Taiwanese manager's attitude toward reward
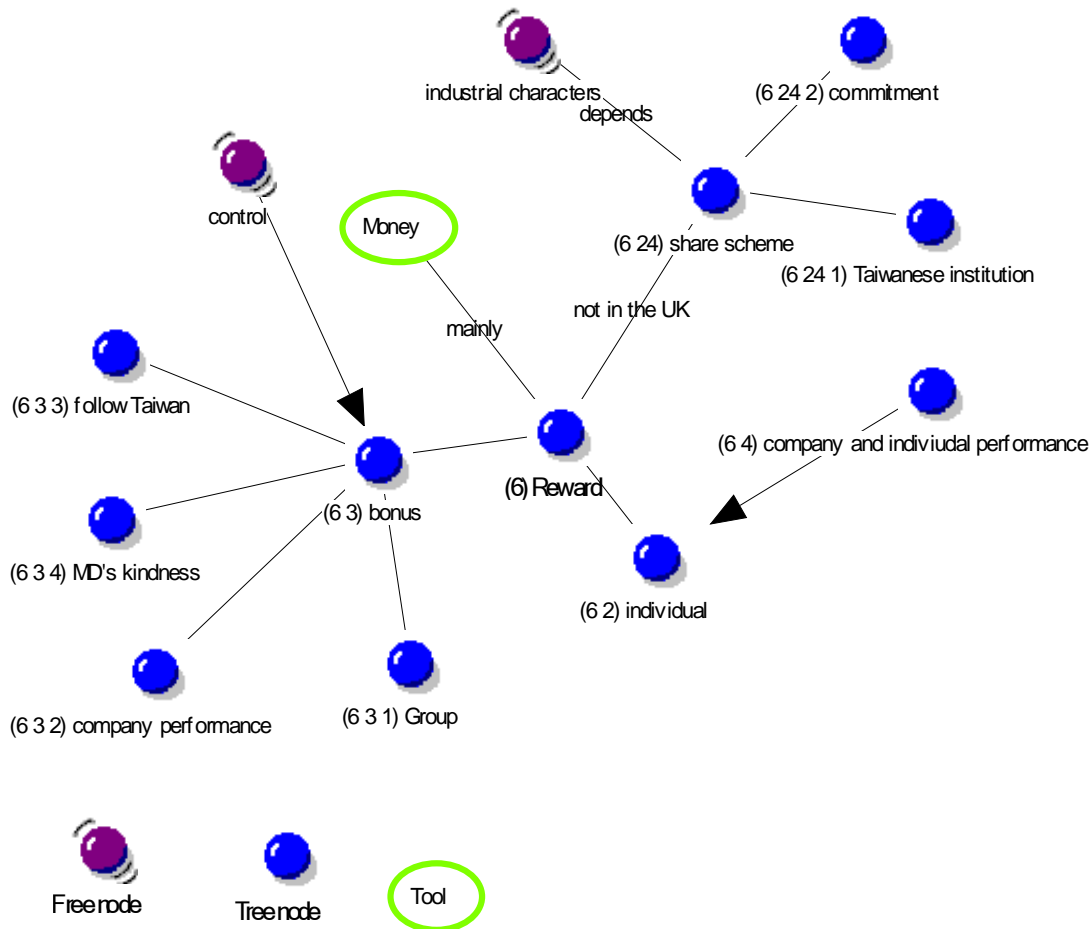
The squared Euclidean distances measures do not carry inherent meaning. Each squared Euclidean difference measures the distance from each manager to another manager, on the basis of a combination of variables that have been chosen for analysis. They are valuable in showing the relative distances between different groups on the basis of binary data in numbers of variables, each one of which reflects a highly specific element of HR practices. The average of these distances within groups and between groups can then be used to test the similarities and differences (Harris, 2003).

Diagram 7.4.1 indicates the distances between groups and within groups with respect to attitudes to reward. Because the mean of distance is too small to present graphically, the mean of each group is enlarged two times into diagram. The diagram demonstrates the distance between Taiwanese managers in the UK and Taiwan is closer than compared with British managers in the UK and within groups. The key British manager's attitude indicates the orientation toward reward and socialising of British managers are about 20 percent more heterogeneous than either Taiwanese manager in the UK or in Taiwan.

Diagram 7.4.1 Difference between management groups in attitude to reward and socialization
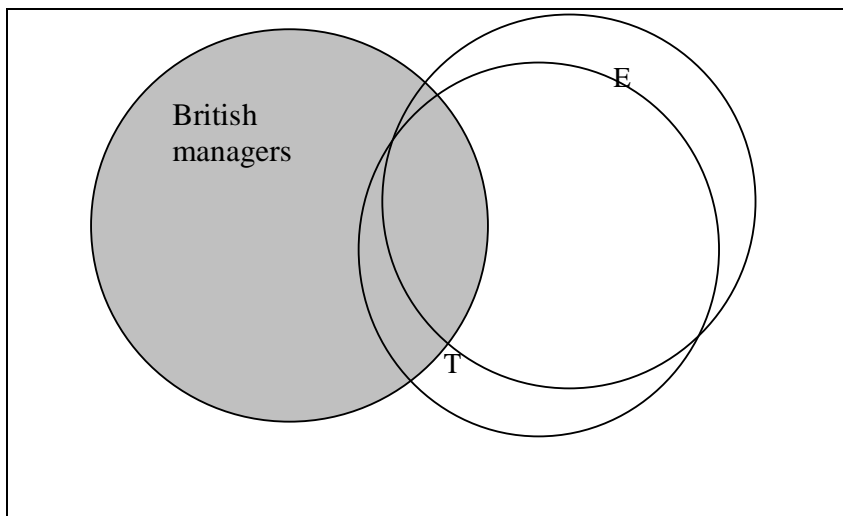
E: Taiwanese management in the UK
T: Taiwanese management in Taiwan

Mean of Distances:
Within British management: BB   BB=1.23
Within Taiwanese expatriates: EE   EE=1.03
Within Taiwanese M: TT   TT=1.09
From B to E: BE   BE=1.66
From B to T: BT   BT=1.60
From E to T: ET   ET=1.02

Squared Euclidean distances measure relative differences, therefore the ratios of Euclidean distance measured is compared, for example the numbers of variables between groups. The advantage of the ratios of Euclidean distance is not only to demonstrate whether the groups differ but also how much and where. The "Distance Ratio Index"

$$DRI \text{ (processes) } BE)= (ED \text{ (processes) } BE)/ (ED \text{ (processes) } BB)*100$$

derives from the average Euclidean distance between British and Taiwanese managers in the UK (ED (processes) BE) divided the ratio of the average Euclidean distance within British managers (ED(processes) BB). For example, DRI=135=1.66/1.23*100.

The Kolmogrov-Smirnov test is the most common test of normality, however, it does not seriously concern with measurement in either Euclidean Distance or Square Euclidean Distance. Levene's test is adopted because there is no difference between the two tests, which is the t value as shown in the table 7.4.2.

Table 7.4.2 Differences between management groups on the values attached to reward and socialisation

To: / From:	British Managers in the UK	Taiwanese Managers in the UK	Taiwanese Managers in Taiwan
British Managers in the UK	100	135/ t < .001	131/ t< .001
Taiwanese Managers in the UK	161/ t < .001	100	Na.
Taiwanese Managers in Taiwan	147/ t < .001	Na.	100

If the index value is 100, the distances between British managers and Taiwanese managers, in terms of their value toward reward and socialisation, will be no different than the distances within just the British managers. As shown in Table 7.4.2, according to the squared Euclidean distance test, the statistical significance for questions 1, 2 and 8 demonstrate that an index of 135 would reflect a great distance between British and Taiwanese managers in the UK (DRIBE=135; t < .001). An index of 135 reflects a greater distance between British managers and Taiwanese expatriates than between the British managers in the UK and Taiwanese managers in Taiwan (DRIBT =131, t < .001). This index number can be compared with differences between other pairs of groups.

Similarly, there is a statistically significant difference in attitude from the perspective of Taiwanese management in the UK to British managers (DRIEB =161, t < .001) and this is greater than that of the Taiwanese managers in Taiwan (DRITB =147, t < .001). This may effect the observation that the attitude of Taiwanese management in Taiwan is changing toward individualism compared with Taiwanese management in the UK. It confirms that the performance-based system has been introduced in some companies in Taiwan (Wu, 2004, P.103) (see chapter 5).

It is important to note that the mean distance can be asymmetric - the difference measured from the British managers to Taiwanese managers in the UK (DRIBE=135) can be different from that measured from the Taiwanese managers to the British managers in the UK (DRIEB=161). This asymmetry is meaningful. For example, as it can be seen in

table 7.4.2, the British are heterogeneous in their attitude to reward and socializing in order to achieve harmony, while the Taiwanese expatriates are more homogeneous, then the average squared Euclidean distance within British managers in the UK will be much greater than that within Taiwanese managers in the UK (Harris, 2003, P.89)

Work organization

Teamwork has traditional roots in the Taiwanese cultural context, particularly given the influence of Confucian values of collectivism and harmony (Zhu et al. 2002, P.35). 97.1% of Taiwanese MNCs in the UK adopt teamwork.

> *"They share their knowledge by teamwork in order to improve quality. Our technical support expatriates will go back to Taiwan to learn new technology from Taiwan HQ and then run in-house training here to transfer knowledge (Sheep Co., interview Acting managing director, 27th,June, 2002.)."*

Teamwork is task-orientation with project teams.

> *"Without teamwork, it is impossible to work in an organization. We have teams in the UK and sometimes, global teams with European HQ and Taiwan HQ. It depends on the task. (Earth co., interview Financial coordinator, 18th, Nov. 2003.)"*

Communications

Harmony and hierarchy (from the *wu lun*) make open and frank discussion of performance problems difficult (Hempel, 2001, P.210). However, according to Q6 in Table 7.4.1, Taiwanese management can accept different opinions in an open venue, although it might not confirm the ideology of the Chinese value-conformity and obedience.

> *"We always have debates. I think employees are very smart, you can't use bureaucratic ways. Communication is very important, that's why I sit next to them in the office. If I feel there is problem, I will hold a meeting to let everyone to illustrate his/her idea." (Lily Co., interview Managing director, 2*nd*, Dec., 2003)*

From the responses to Q7 in the table 7.4.1, it can be seen that Taiwanese management and British management disagreed that it is very difficult to have professional disagreements without creating personal animosity.

> *"If you are a dignified person, you won't think an argument will become a personal grudge." (Dog Co., interview Managing director, 4*th*, March 2003)*

In order to balance the conflict in an organization, some Taiwanese management design social events. Although some of them do not have any socializing with their subordinates outside work, as this does not fit British work culture, they still think it is good idea to socialize with them, please see the Q2. in the table 7.4.1.

"I think debates are good for our company. This is why we have a monthly dinner party. In the office, we have to behave professionally and a dinner party can ease the conflict caused in meetings. In private, everyone is a friend. I think harmony is very important." (Fire Co., interview Managing director, 31st, Oct. 2003)

Harmony can be achieved by retaining good work relations with subordinates. As can be seen from the Table 7.4.1, Q8., Socializing in work contributes to morale and builds up trust between management and subordinates in an organization. All (100%) Taiwanese managers, whilst in UK and Taiwan, agree that a good personal relationship between managers and subordinates in work will get the work done efficiently, compared to 87 % of British managers.

"A good employment relationship can improve morale and trust. It can help people work much more efficiently." (Daffodil co., interview General manager, 1st, Dec. 2003)

It can be seen from Figure 7.4.2 that the purpose of (7) socializing (7 1) in work and (7 2) outside work is to achieve cooperation and trust (1 3 5), and ease conflict - (7 1 3) managing arguments between superiors and subordinates. The purpose of socializing (7 1) in work is to monitor employees. Two variables were used, the company size and the culture differences influence in (7) socializing in an organization, please see Table 7.4.1 Q2.

Figure 7.4.2 Socializing towards a harmonized workplace

cooperation

(1 3 5) trust

purpose   purpose

(7) Socialisation

influence   influence

company size   Culture differences

pull&push

purpose   (7 1) in work   (7 2) outside work

(7 1 1) monitoring

(7 1 3) managing argument

Free node   Tree node   Factors   goal
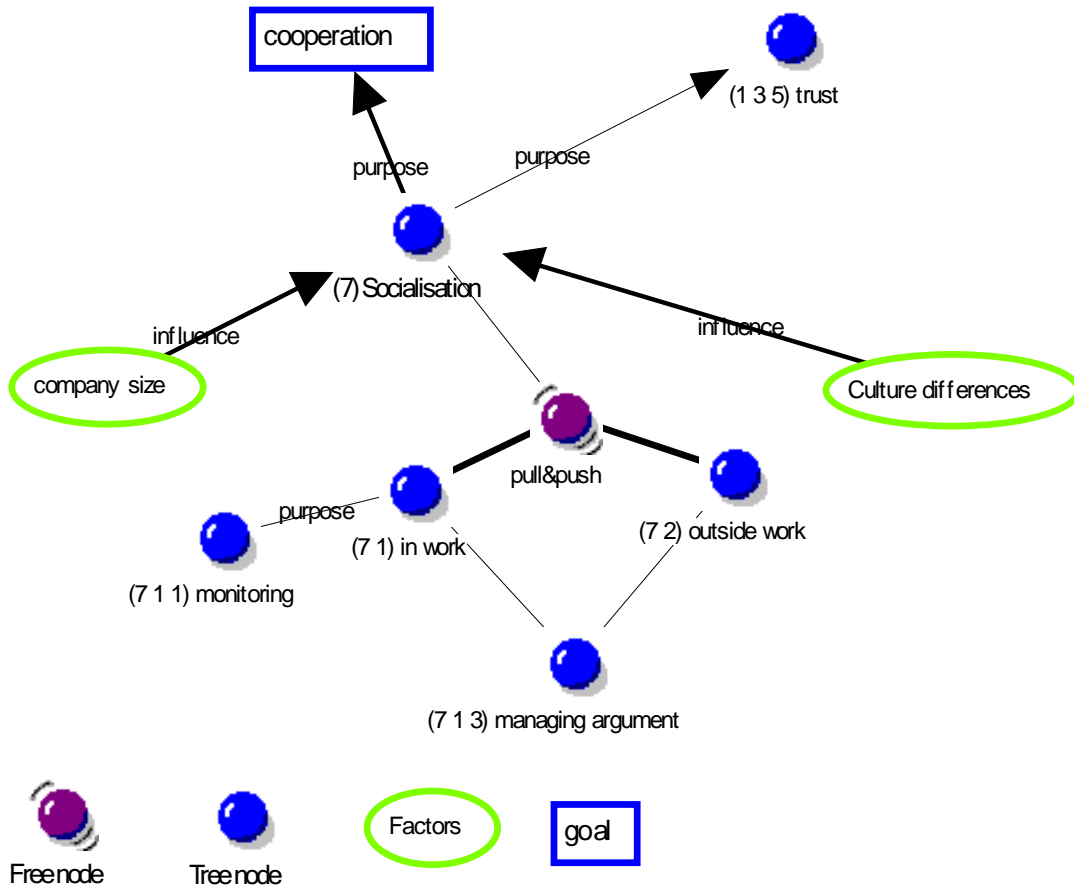
7.4.2 Loyalty

Long-term employment is seen as a desirable practice, and derives from the principle of Confucianism, where the relationship between ruler and subject indicates the foundation of loyalty and duty. Actually, non-family member and ordinary employees often feel as if they are outsiders, and thus have a lower degree of loyalty and a lower level of responsibility (Chen, 2004, P.76). In addition, after the economic downturn in 2000, Taiwanese management values in Taiwan may be changing toward a lower valuing of loyalty (Wu 2004). The data confirm that long-term employment is desirable, according to Taiwanese managers. Based on the reciprocity of Taiwanese culture, Taiwanese managers prefer employees to stay in a firm longer than British managers, and this influences the design of human resource practices such as training, flexible employment and reward. However, Taiwanese managers are in a position close to the owner, thus, their values only represent the core members in the Chinese organization. Table 7.4.3 indicates the perspectives of three groups toward training, employment mobility and the pay between full-time and part-time staffs as well as the cultural assumption associated with seniority.

Table 7.4.3 Loyalty

Loyalty	Taiwanese managers (Taiwan) N=17	Taiwanese managers (UK) N=35	British managers N=16	p
	% agreeing with statement			
Q1.Training is a cost and not an investment	17.6%	34.3%	0%	0.007*
Q2.Employees should work long-term (at least five years) for one company	47%	51.4%	18.8%	0.032*
Q3.The full-time employees should get more pay than other part-time employees.	82.3%	68.6%	18.8%	0.000*
Q4.Long service employees achieve more than employees with few years of service with the company and should thus receive more pay.	17.6%	28.6%	25%	0.791
Q5.Older employees achieve more than younger employees and should thus receive more pay	5.9%	2.9%	6.3%	0.058
Q6. Employers should provide long-term (at least five years) employment for their workforce.	41.2%	40.0%	56.3%	0.279
	% preference			
Q7.Working in an firm over 5 years	82.4%	70.6%	30.8%	0. 013*

Q1.-Q6. variables measured on a four point scale: 1. Strongly Disagree; 2. Disagree; 3.

Agree; 4. Strongly agree. * P<0.05

Training

As shown in Q1 in Table 7.4.3, training and development is accepted as a good concept to

improve an organization, however, Taiwanese management in the UK think of training and development in the UK as a cost, because of the high labour turn over in the UK.

> *"We have to train them before they start their job. We have to train them by sending them to the training course or outsourcing training course. In manufacturing, I assign someone to teach the new comer how to operate the machine, put raw material into the machine, clean, and categorize the products. I give them a training period, in which sometimes the production line will stop and it will reduce the productivity and increase the cost. However, the British are very smart and very realistic (and have no commitment).… Here I think training is cost." (Dragon Co., interview Technical supervisor, 8th May, 2003)*

Length of employment

Although the Confucian emphasis is on age and seniority (Shaw et al 1993), there is no lifetime employment in Taiwan and employees are free to jump up the career ladder (Hwang, 2000). However, when Taiwan faced the first economic downturn in 2000, Taiwanese companies had to learn how to fire employees because they had not experienced laying-off employees for the past 20-30 years (Wu, 2004, P.103). In Table 7.4.3, Q6 indicates that Taiwanese managers disagree that employers should provide long-term (at least five years) employment for their workforce. In relation to industry, the financial service industry is almost the same as the IT industry. After abolishing the constraints of setting up banks in Taiwan, the banking industry is very competitive in

Taiwan.

> *"It's a competitive era in the banking and IT industries, there is near zero profit for doing business, even the company doesn't know if it can survive next day so how it can provide employees long-term employment? (Tulip Co., interview Managing director, 2nd Dec. 2003.)"*

Similarly, due to the contribution of technology to production, the IT industry can move anywhere to find cheap labour.

> *"In Taiwan, our younger generation also likes to change their job, in my experience. For the long term, I don't really think British behaviour is wrong. We always work overtime in Taiwan, but the employees will get nothing in the future, because manufacturers have moved to Mainland China." (Horse Co., interview Vice president, 13, May, 2003)*

However, as shown in Table 7.4.3, Q2, Taiwanese management believe employees should work long term, because they perceive it as a learning process and as an opportunity for network building in an organization. Their own values also reveal their commitment to their organization, as a high proportion of Taiwanese management will work with the company until retirement or for at least five years.

> *"It's culture thing, I think employees should work for a firm for the long term. The new comer is learning and will be familiar after the first few years." (Iris Co., interview Managing director, 2nd, Dec. 2003)*

In addition, Taiwanese managers prefer a stable career so that work can be done

efficiently as a result of the good *guanxi* (relationship with employees) in an organization.

> *"With my character it is not easy to change my job, so I think my company is a not bad company to work for. I think people have to feel satisfied... In Taiwan, you can't really change jobs easily; you have to think about your relationships. Even though you may have excellent abilities, without good personal connections (organizational affiliation), it seems very difficult. When companies have to make employees redundant, they would definitely fire you. To be frank, every company is very different. For example, if I need to know an answer quickly, I have a good connection with manager A, compared with someone only working in the firm for two years who also gives a job to manager A, Manager A definitely gives my work priority." (Dog Co., interview Managing director, 4th, March. 2003)*

While British managers agreed less with Q2, perhaps reflecting their own preference as employees, they agree more than Taiwanese managers with Q6. British manager's values are very different from Taiwanese managers both in the UK and Taiwan and they do not have such a long-term orientation as Taiwanese managers (please see Q2 in Table 7.4.3).

Reward

As can be seen in Q3, Table 7.4.3, the Taiwanese managers claim that the full time staff should get more pay than part-time staff because the part-time staff has to have less commitment than full-time staff. Taiwanese managers still regard commitment as an important factor to reward.

"Full-time workers should get better pay than the part-time workers because the full time worker works here longer than part time worker. It is good for the full time worker's commitment (Bluebell Co., interview Managing director, 2nd,Dec. 2003)."

The data prove that British managers are considerably more individualist than Taiwanese managers with a greater desire for more labour-market mobility and more short-term employment, compared with Taiwanese management.

Based on Confucianism, seniority and subject modelling is crucial. However, although commitment is crucial, Taiwanese management do not suggest that age and long service should be associated with reward. As shown by Q4 in Table 7.4.3, Taiwanese management is just the same as British management in respect to the length of service with reward, and the age of employees not being related to reward, as can be seen from Q5 in Table 7.4.3.

"I don't think senior people have much more contribution than juniors. They have just worked here longer. Junior employees may have made much more contribution to the company so they may receive much more pay and a higher position than seniors. However, our reward system is still based on the length of service, but you can not find seniority pay here, because of labour turnover."
(Dragon co., interview Technical supervisor, 8th May 2003)

Again, Diagram 7.4.2 demonstrate the cultural distance within groups and between groups in respect of views about length of service. British manager in the UK (BB=0.65) are more homogeneous than Taiwanese managers in the UK (EE=1.42) and in Taiwan

(TT=1.15). Taiwanese managers in the UK seem to bring their cultural value to manage British employees but their values are also influenced by British values, thus Taiwanese managers are the most heterogeneous as shown in the diagram 7.4.2.

Again, the attitude of Taiwanese management in Taiwan is changing toward individualism compared with Taiwanese management in the UK. It confirms that the after the economic downturn in 2000, Taiwanese management values in Taiwan may be changing toward a lower degree of loyalty (Wu 2004). It is interesting to note that, British managers and Taiwanese managers in Taiwan (BT=1.36) are closer than British managers in the UK and Taiwanese managers in the UK (BE=1.47).

Diagram 7.4.2 Distance between management groups on the values attached to length of service
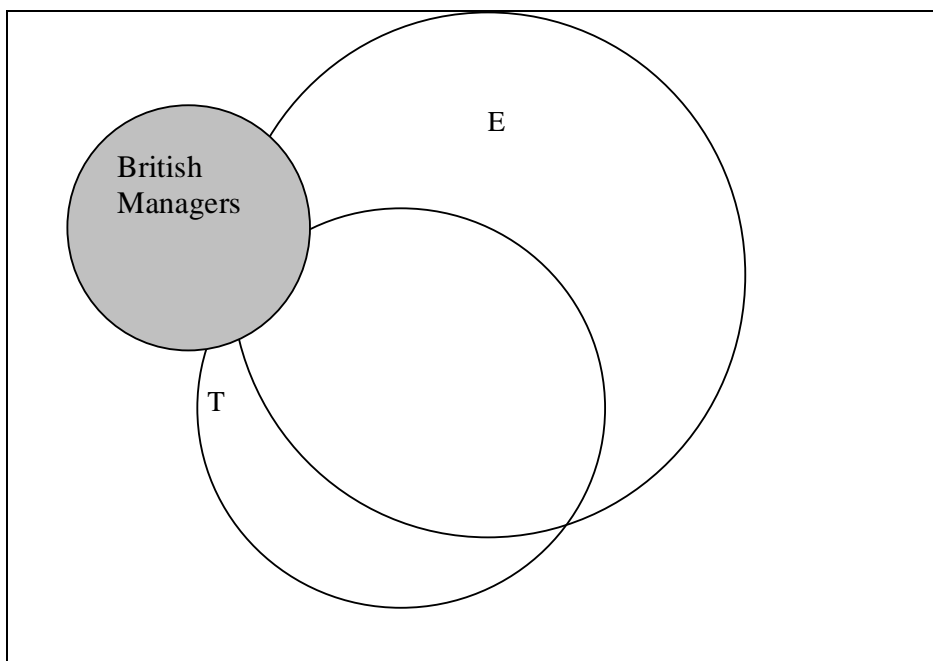
E: Taiwanese management in the UK
T: Taiwanese management in Taiwan

Mean of Distances:
Within British management: BB   BB=0.65
Within Taiwanese expatriates: EE   EE=1.42
Within Taiwanese M: TT   TT=1.15
From B to E: BE   BE=1.47
From B to T: BT   BT=1.36
From E to T: ET   ET=1.28

Table 7.4.4. Distances between management groups on the value attached to length of service

To: From:	British Managers	Taiwanese Managers in the UK	Taiwanese Managers in Taiwan
British Managers	100	226/ t< .001	209/ t < .001
Taiwanese Managers in the UK	Na	100	Na.
Taiwanese Managers in Taiwan	Na	Na	100

Table 7.4.4 indicates that Taiwanese management can cope with the short-term orientation of the British work attitude. An index of 226 would reflect, in this respect, a greater distance between British managers and Taiwanese management in the UK than within just the British managers. Taiwanese managers in the UK and Taiwan could be seen to be twice as different from British. Table 7.4.4 shows that (Distance ratio indices (DRIBE=226; t < .001) British managers do not prefer employment as long as Taiwanese managers do. Similar attitudes can be found from British management in the UK to Taiwanese management in Taiwan (DRIBT=209, t < .001). Taiwanese managers in both Taiwan and UK, unlike the British, think that employees should work long term in an organization.

7.4.3 Trust

Trust is the key factor to building good relationship with employees in the Taiwanese organization. It is related to issues of HRM such as job autonomy. Trust is also crucial in Sun-Tzu model of leadership, and it indicates a leader should be able to delegate power and to know how to tolerate unavoidable mistakes of his/her subordinates.

Autonomy/ empowerment

Chinese society is seen as mistrustful (Redding, 1995). Networking contributes to easing the insecurity and the building of trust. In Taiwan, personal trust was the first principle and the fundamental mechanism, which made personal relationships work. It would seem to be unfeasible for an employer to hire a top manager whom he is not familiar with. This person must be either personally known by the boss or he/she must be introduced by a person whom the boss trusts (Orre et al., 1997, P.2). Taiwanese managers intend to hire a trustworthy person and they also regard trust as an important factor in the organization. There is no guarantee that people will be automatically trusted. It depends if they can demonstrate their achievements in order to gain trust (Kao, 1991, P.68).

> *"I think managing people is not so difficult, just trusting them. Just trust each other. How do you let them trust you? You have to think whether you can manage it before promising your employees." (Wood co., interview Managing director, 10th, June, 2003)*

The outsider manager changes into the insider decision maker on the basis of 'personal trust' as the first principle. In order to obtain trust persons have to demonstrate certain qualities such as good performance. These rules are not objectified, but are usually well recognized by the people involved (Kao, 1991, P.67-70). The data authenticate that Taiwanese managers put their trust in their (British) HR managers, as they do not have enough knowledge about British industrial relations. British manager have to demonstrate their ability to gain the trust of their Taiwanese superior.

> *"We trust our HR professional. The work system was designed by our HR manager. Only they know their work systems so we have to trust their decision for the company's own good." (Water Co., interview Managing director, 24, July 2003)*

Owing to the insecurity in an organization, personal relationship bonds are seen as enhancing as trust (Redding, 1995). Taiwanese managers believe in socializing outside work in order to build up trust, however, the British manager's attitude is completely different from that of Taiwanese management (Please see Q2. in the table 7.4.1).

> *"In order to achieve a good company performance, people need sentiment and chemistry. If you have a boss who understands you, you definitely feel happier to work for him. The interaction is very important, so even if I have not done well enough in my job, and he blames me, I won't feel angry. I think trust, understanding and forgiving each other are very important. If the Manager has done something wrong; subordinates can't say anything about it. However, when subordinates do something wrong, the boss blamed them. It is not right." (Rose*

Co., interview Managing director, 2ⁿᵈ, Dec. 2003)

Table 7.4.5 Proportion of management groups agreeing with need for precise instruction

Trust	Taiwanese managers (Taiwan) N=17	Taiwanese managers (UK) N=35	British managers N=16	P
	% agreeing with statement			
If you want a competent person to do a job properly, it is often best to provide him or her with very precise instructions on how to do it.	64.7%	48.6%	68.8%	0.179

The item was measured on a four point rating scale: 1. Strongly Disagree; 2. Disagree; 3. Agree; 4. Strongly agree.

The need for greater flexibility has led a number of organizations to replace the traditional job description with a concise list of 'bullet points' or accountability statements, often limited to one sheet of paper. Great ambiguity and fluidity of job content are compatible with a shift from the 'careful delineation of written contacts' associated with a personnel and industrial relation environment toward a 'beyond contract' approach associated with HRM (Beardwell and Holden, 1997, P.213). It is important to note that Taiwanese managers in Taiwan and British managers in the UK are again closer to each other and have very similar values toward limiting job autonomy; again, it proves the Western idea influence in Taiwan. As shown in Table 7.4.5, the

Taiwanese manager in the UK would rather give their subordinates job autonomy to get a task done by their own strategy than precise instruction. It indicates that Taiwanese managers in Taiwan hold similar values of those of the Western management model, although the Taiwanese managers in the UK come closest supporting the HRM goal of empowerment.

> *"Everyone has his/her job description, so I just give them a guideline. If he has ability, you just need to give him a guideline. If you have to give them precise instruction, that means they are at a lower level job, which doesn't need creativity. Yes, the higher level you are, the less precession the job description has. The lower the position, the more precise the job description is. If the nature of a job needs creativity, you can't really give any rules. Only for the low-end people do you need a precise description (Boar Co., interview Managing director, 9th, April, 2003.).*

7.4.4 *Guanxi*

Guanxi can be said to embody to the national character of Chinese management, can be seen in the approach to the process of recruitment, employment and business relationships. As discussed in Chapter 4, g*uanxi* is an action to achieve harmony, while face is seen as mechanism to achieve *guanxi*. However, Taiwanese managers see it as causing problems in certain circumstances.

Recruitment

Table 7.4.6 Preferences among management groups for recruitment on basis of personal contact

Guanxi	Taiwanese managers (Taiwan) N=17	Taiwanese managers (UK) N=35	British managers (UK) N=16
	% agreeing with statement		
Q1.I prefer to recruit someone who has been recommended by friends/ colleagues/ superiors".	17.6%	37.2%	43.8%
Q2.Recruiting someone recommended by friends/ colleagues/ superiors will result in higher commitment to the company"	11.8%	28.6%	37.5%
Q3.Recruiting someone recommended by friends/ colleagues/ superiors will result in higher commitment to me as manager	16.1%	51.6%	32.3%

Q1.-Q3. variables measured on a four point rating scale: 1. Strongly Disagree; 2. Disagree; 3. Agree; 4. Strongly agree.

However, to achieve good relationship with employees, it does not necessarily involve these principles, such as face. Paradoxically, Taiwanese firms reject *guanxi* in recruitment, particularly in high-tech organizations in Taiwan (Hempel and Chang, 2002, P.93). According to table 7.4.6, Taiwanese managers in Taiwan dislike guanxi associated with recruitment. British managers (43.8%) prefer to recruit through network, while Taiwanese managers in the UK and Taiwan respectively, only agree 37.2%, 17.6%. G*uanxi* related to recruitment is seen as a negative action, because a group of people, who are recruited from a *guanxi* network, occupies the good resource position in an organization. In this

highly competitive era, Taiwanese managers in the UK and Taiwan perceive it as a barrier to achieving organizational efficiency as shown in the table 7.4.6. in Q1. It is interesting to note that over half of Taiwanese managers in the UK agree g*uanxi* associated with recruitment is not related to individual commitment, while Taiwanese managers in Taiwan have no longer take it into account, as shown in the table 7.4.6 Q3.

> *"I think guanxi is very troublesome. We don't like to use this kind of connection in recruitment. I don't like them to form a small group. It's not good for an organisation, especially in such a highly competitive era; there is nearly no profit in the IT industry." (Horse Co., interview, 13th, May, 2003)*

Although friends and relatives are commonly targeted in recruitment by this means and the employer-employee relationship overlaps with a more personal bond (Hamilton, 1997, P.269), especially in the recruitment of entry-level employees in Taiwan (Hsu and Lead, 2000, P.5). However, from Table 7.4.6 it can be concluded that *guanxi* is rejected in relation to recruitment.

On the other hand, in the financial service sector in London, the Taiwanese MNCs may have to recruit someone who is a British Chinese. They explain that their criteria of recruitment are to be bilingual in Mandarin and English; however, the market cannot supply competent employees. The employer then seeks to find the resource in the traditional way, by networking.

> *"I don't like guanxi related to recruitment. If the employee has no good ability, it is really bad for our company. However, we need someone who can speak*

Mandarin and English, so recruiting overseas Chinese is the best alternative. However, I don't know so many people, thus, normally we hire someone through guanxi." (Bluebell Co., interview Managing director, 2nd. Dec., 2003)

"I like guanxi but not related to recruitment. It's not easy to manage it, if I am going to lay off him/her. However, we don't have many Taiwanese here and we try to avoid agencies, so guanxi is not a bad idea." (Rose Co., interview Managing director, 2nd Dec. 2003)

Relations with employees

Where *guanxi* is evident is in the firms' internal relationships with employees, the relation with employees translates as *"laouzi guanxi"* in Chinese terms, which demonstrates *guanxi* as an important mechanism in Chinese society. People management is decentralised, because management stresses the importance of personal relationships between the manager and the employees (Zhu and Warner, 2000).

Harmony is found in the maintenance of everybody's face in the sense of dignity, self-respect, and prestige. "Face" is a key component in the dynamics of *guanxi* (Chen, 1995, P.54). The data validate that Taiwanese manager gives face to the supervisor, he expects that the supervisor will obey the rules (obligation) and follow his orders (obedience). By using g*uanxi*, Taiwanese managers think that harmony can be achieved.

The relationship between *guanxi* and face is intertwined and complicated. Whilst subordinates should seek to protect and give face to the superior, the superior should also

take care not to damage the face of subordinates (Westwood, 1997, P.11). The manager gives face (*Mianzi*) to his subordinates by saying, "you have already done very well and I appreciate it." *Mianzi* entails providing empathy with others and avoiding speech or actions that cause embarrassment to others. Where face is saved, emotional feelings of attachment are developed.

"My management style is winning my subordinates' hearts. For example, sometimes, they are late or absent. There are two ways to solve it. First, you can shout to them for not obeying the company rules. I think that is wrong. So, I use my way, which is that 'you have already done very well and I appreciate it. I just want you to do one more thing. You have to keep your time right. If you keep your time right, you keep me right. It's a benefit for you. You got to help me, and then I can help you'." (Rabbit Co., interview Production manager, 2nd May 2003)

Reward

In Taiwan, the reward system is influenced by the principle of reciprocity, as demonstrated in the traditional year-end bonus system. The bonus system dates back to pre-modern agricultural society in Taiwan, which emphasized gift exchange between the owner/manager and the employees of the firm at the end of each year. This tradition has been broadly accepted and has continued into the industrialized era (Cin et al, 2003).

Three-quarters of the Taiwanese MNCs have a bonus scheme, which is based on individual and company performance. The appraisal is mainly done every year before Christmas.

"My company gives employees a Christmas bonus based on their wage. It means that the employer shows his appreciation to employees and hopes employees will work hard in the following year." (Earth Co., interview financial coordinator, 18th, Nov. 2003.)

The bonus is related to company performance in terms of financial performance, and then individual performance, which is the same ideology of reward. In addition, the manager's idea is related to the time dimension, for example, Trompenaars and Hampden-Turner (1997) mentioned that in synchronized culture people see the past, present and future at the same time. The reward for employees is based on an individual's past year performance so the employees know their effort will be rewarded well. So the following year, they will try to perform well.

"My company gives employees a bonus, which is based on their performance. The criteria are attendance and daily performance such as working over-time. We don't have over-time pay, so I will give them a bonus to appreciate their over-time work. It's good for commitment." (Fire Co., interview Managing director, 31st. Oct. 2003.)

7.4.5 Leadership

The Chinese have a specific idea of what being a leader is. Chinese leadership is the outcome of a fusion between Confucian and Sun-Tzu leadership ideas and has implications for HRM issues such as recruitment, training and the authority of the leader as shown in the table 7.4.7 and its contents will be discussed in detail in the following

sections.

Table 7.4.7 Proportion of agreement by management groups with statements about the role of leadership

Leadership	Taiwanese managers (Taiwan) N=17	Taiwanese managers (UK) N=35	British managers N=16	p
	% agreeing with statement			
Q1.I prefer to recruit new graduates		37.2%	6.3%	0.039*
Q2.Training needs should be determined by the individual employee	11.8%	17.2%	50%	0.021*
Q3. It is important for a manager to have at hand precise answers to most of the questions that his subordinates may raise about their work	100%	94.2%	68.8%	0.014*
Q4.Performance appraisal should be utilized to identify training needs.	88.2%	82.9%	100%	0.078
Q5.Continuous investment in training and development can raise employees' knowledge in order to enhance organizational efficiency	94.2%	88%	100%	0.227
Q6.Promotion criteria should be explicit.		82.9%	75%	0.512
Q7.Employees should be able to discuss the reviews	94.1%	94.3%	93.8%	0.940

Q1.-Q7. variables measured on a four point rating scale: 1. Strongly Disagree; 2. Disagree; 3. Agree; 4. Strongly agree. *P<0.05

Recruitment

In Taoism, there is essentially no difference between goodness and evil. The contrasting motivational factors influencing human behaviour, such as love versus hatred, arise from

the same place, just like two side of the same coin. One can turn love into hatred and hatred into love, as they are not essentially different and depend on the "*circumstances*" (Chen, 1995, P.40). "*Wisdom*" is a crucial factor in Sun-Tzu leadership, which means the ability to observe changing circumstances and to act accordingly (Chen, 1995, P.43). As it can be seen in Q1 in Table 7.4.7, the situational thinking applies to recruitment:

> *"It depends on jobs: for business, it is better to hire someone with experience. For technical staff, I prefer to recruit new graduates with a technical background. If new graduates have a technical and science background, they have better quality. Because technology upgrades day-by–day, they learn about new technology from school and university." (Gold Co., interview financial director, 3rd, April 2003)*

From Figure 7.4.3, the criteria for (5) recruitment are (5 4) loyalty, (5 3) skills, (5 2) personality and (5 5) experience. The desired personality characteristics focus on cooperation in order to be able to work in teams, as can be seen in Section 7.4.1, harmony as well as hard work, which means working overtime flexibly to respond to any demand from customers. Again, a stable workforce is desirable; therefore, loyalty is crucial in Taiwanese MNCs (Please see Section 7.4.2 loyalty). New graduate recruitment will depend on company size and position. The company size of Taiwanese MNCs is fairly small in the UK; therefore, they would not like to recruit new graduates, except to technical positions. Job agency and (1 3) guanxi are commonly used in recruitment in financial service industry.

Figure 7.4.3. Recruitment
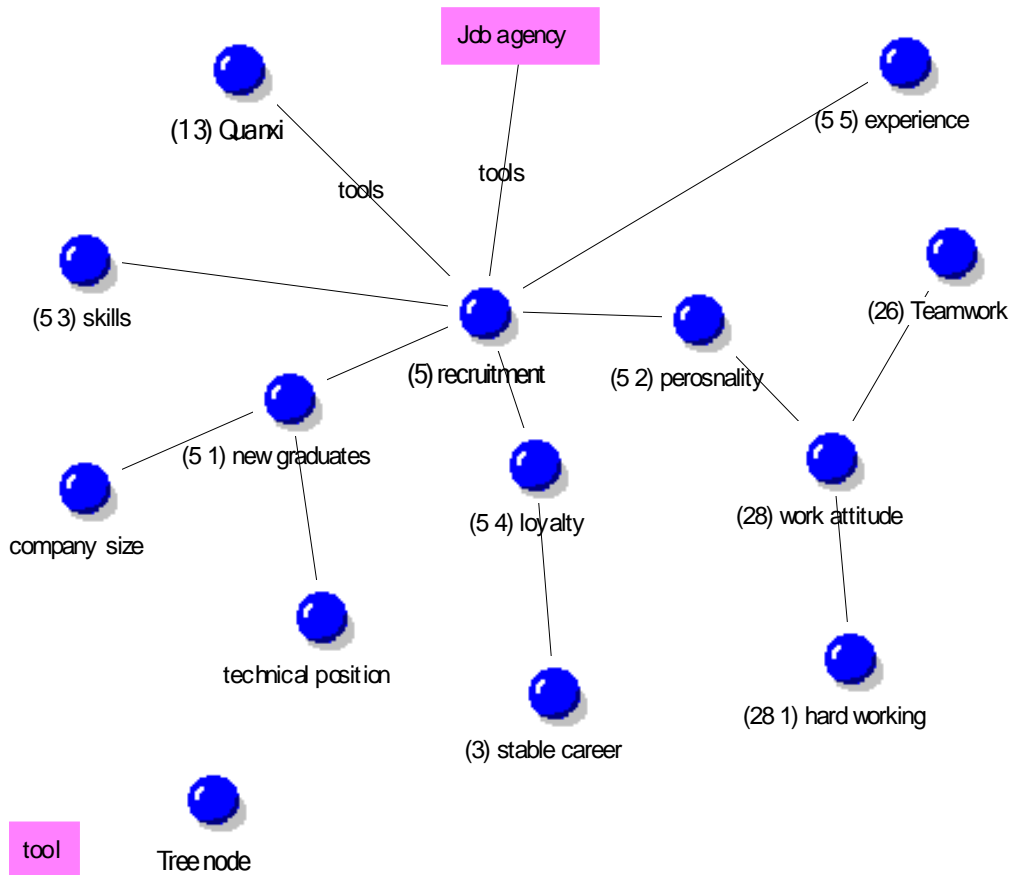
Training

In relationship-based governance the information structure and the decision-making modes of firms are normally closed and centralized (Li et al, 2004, P.63) and this influences leadership style. Sun-Tzu leadership has a systemised set of instruction to be a good leader, "strictness", "benevolence", "courage", "wisdom" and "Sincerity". The training decision is associated with   *"courage"*, it means that he should not be afraid of

making risky decisions, but at the same time he must not make quick or irresponsible decisions (Chen, 1995, P.43). Although Taiwanese management considers subordinates' opinions, the manager should have the power to make final decision about training.

> *"Training should be decided by both subordinate and manager. We have to be concerned about employees' desire." (Daffodil Co., interview Managing director, 1st, Dec. 2003)*

Sun-Tzu philosophy focuses on how companies with well-trained employees can be managed with great efficiency (Chen, 1995, P.49). Similarly, Confucian Leadership originates from within the person, but this does not mean that one is born with those qualities; they can be acquired through a conscious effort of self-cultivation and constant learning (Fernandez, 2004, P.23). Sun-Tzu and Confucian leadership influence Taiwanese managers, who perceive training as an investment, believing that taking good care of their employees can be exchanged for their commitment. Looking after employees can be achieved in several ways, such as improving skills, or giving good rewards. From Q5 in Table 7.4.7 it can be seen that almost all Taiwanese as well as British management agree that "Continuous investment in training and development can raise employees' knowledge in order to enhance organizational efficiency".

> *"I send them to training, not only to improve skills, but also to improve their views by brainstorming. It can leverage their ability in order to benefit the organisation." (Water Co., interview Managing director, 24, July 2003)*

A *Benevolent* leader understands the problems of his subordinates and cares about their

well being (Chen, 1995).

> *"It doesn't matter about their performance, if you still want him to work for you, employers should provide training opportunities. Someone can't perform well, if he does not have any chance to improve himself. That is wrong. Because he works here and has his value, you can guide his potential." (Boar Co., interview Managing Director, 9th, April 2003)*

As it can be seen in Figure 7.4.4, training can also be seen as a cost because of the unstable workforce in Taiwanese MNCs in the UK (please see Section 7.4.2 loyalty). The advantages of training contribute to (4 4) employee involvement, such as teamwork (26), commitment and knowledge leverage of (4 1 1) new products.

Figure 7.4.4 Training & Development
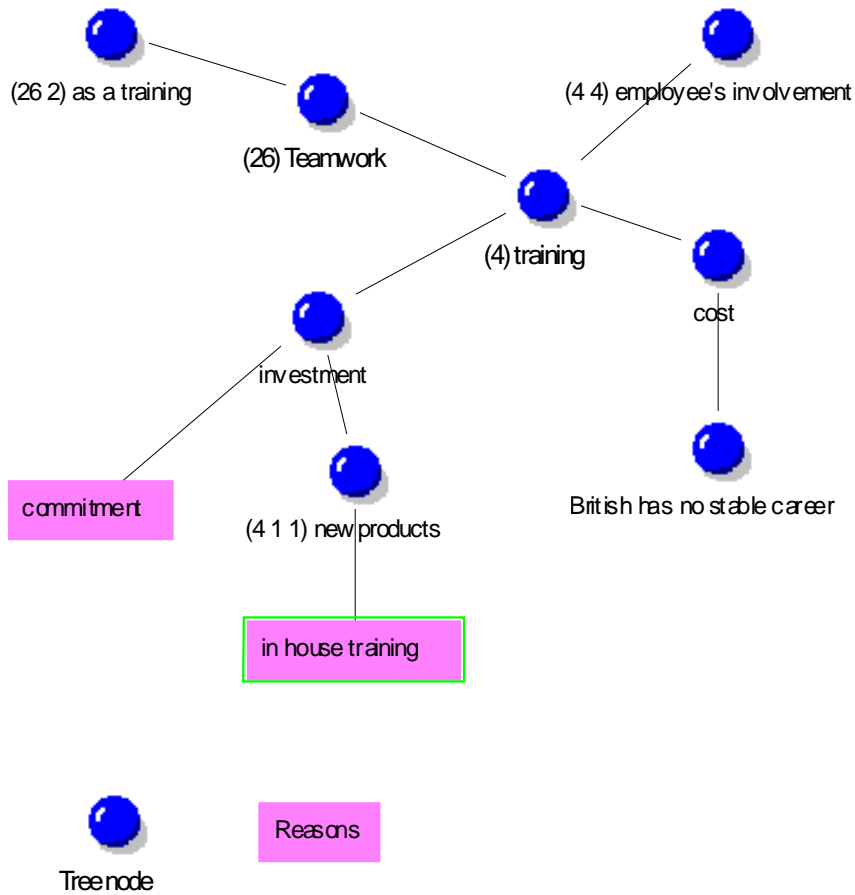
Promotion

Although Q6 in Table 7.4.7 indicates that the criteria of internal staffing should be explicit, the qualitative data claim that promotion involves complicated processes such as politics in an organization. The next item of promotion criteria explains the complexity of promotion in Taiwanese organization.

"Promotion criteria should be explicit, but it is impossible to know why someone can have promotion. It involves politics and is very complicated." (Tulip Co, interview Managing director, 2, Dec. 2003.)

Confucianism and Taoism leadership are based on moral influence, such as awakening all people to a realization of the fundamental goodness of human nature, of the right way to be a person (Fernandez, 2004, P.26-28). The moral character of leadership is related to integrity, honesty and commitment to the work team (Wood et al, 2002, P.266). Therefore, the majority of Taiwanese managers take both personal character and performance into account, while making promotion decisions.

"Do you know sometimes people perform very well, but are not suitable to be a manager? So, if he becomes a manager, both he and the subordinates will suffer because he can't manage people well. If you give him a project, he can do it perfectly. I have seen many cases over a long time. It doesn't matter about ambition. So, I believe personal characters and performance should be concerns in promotion. A leader should be a good example for other subordinates." (Dog Co., interview Managing Director, 4th March, 2003)

Role-modelling

A good senior manager should be able to combine "strict discipline" with his own example and mete out punishment decisively and fairly (Chen, 1995, P.43). The interview data from Taiwanese managers demonstrates this:

"I think the behaviour of management has an influence on subordinates. I think

*clerks always behave like their superior unconsciously. Even their talking method will be similar. It is based on my experience. You have a well behaved (moral) manager; you must behave well in the future. In practice, there are plenty of cases. As a leader, I feel I am very lucky to have so many good superiors to give me good role models. A leader should have abundant knowledge and get along with people." (Morality is very important.) (Daisy Co., interview Managing director, 2*nd*, Dec. 2003)*

A true leader is willing to work hard and ceaselessly on their path to perfection. That is the way of the gentleman being defined as the one who shows in superior behaviour the true reflection of his or her character (Fernandez, 2004, P.23). Therefore, Taiwanese management find it hard to manage British employees.

*"We like to work very efficiently but their work pace is slower than ours." (Sheep, interview 27*th*, June, 2003.)*

*"In Taiwan, some employees have to work until 7.00 or 8.00pm. It's impossible here. After 5.00pm, only Taiwanese employees will work." (Tiger, 29*th*, April 2003.)*

Taiwanese managers see overtime work as part of efficiency. It is important to note that the notion of Taiwanese managers toward British employees, work effort may be wrong. However, Cully et al, (1999, P.156-157) argue that more than half (53 per cent) of employees respondents said that they did overtime work, with a quarter doing up to 5 hours per week, 17 percent doing between 6 and 10 hours, and 11 percent in excess of 10 hours. The reason for working extra hours or overtime might be categorized as instrumental, compulsory, and commitment to the job and the group. Occupation was

closely associated with commitment; high commitment was more widespread among managers and professionals, but far less evidence among craft and skilled workers and operative and assembly lines (Cully, 1999, P186-187).

Performance management

A benevolent person is not happy if he alone is successful or able to understand the truth, while others are not. He feels obliged to help others to succeed or comprehend themselves. From the practice of kindness and justice, we obtain trust and social harmony. Without trust, normal relationships between people would be impossible (Fernandez, 2004, P.26-28). The method to finding the employees' needs in their work is performance appraisal. As shown in Q7 in Table 7.4.7, almost all Taiwanese managers agree that performance appraisal should be utilized to identify training needs.

> *"Performance appraisal is used for training. If someone's performance is not good, we should give him/her training." (Monkey Co., interview Managing director, 28th, Feb. 2003)*

The differences in emphasis are shown in Table 7.4.8, summarising responses to a question about the location of responsibility for mistakes.

Table 7.4.8 Responsibilities

If a mistake was discovered which had been caused by the negligence of one of the members of a team, where would you see the responsibility lying?			
	Taiwanese M in Taiwan	Taiwanese M in UK	British M in UK
The person causing the defect by negligence is the one responsible.	0%	5.7%	37.5%
Because he or she happens to work in a team the group should carry the responsibility.	11.8%	22.9%	6.3%
The person causing the defect by negligence and the supervisor are responsible."	88.2%	71.4%	56.3%

Taiwanese management indicates that a good leader is one who should be responsible for success and failure. It confirms Sun-Tzu philosophy's influence in Taiwanese management. Taiwanese managers think managers should have the ability to observe changing circumstances and to make adjustment to avoid any danger. A manager should be responsible for the company's success or failure. The managers should have sufficient power so that they can co-ordinate their strategies and tactics based on the changing environment. Managers should be responsible for winnings or losses.

> *"I think the leader should be responsible for success or failure. Yes, the individual has to be responsible for it as well. The leader is the controller, he/she should find out the problem before it happened. So, in the performance appraisal, both of them receive bad credit. The leader should receive a much worse appraisal than workers. The leader should work hard as a standard for bottom line." (Dog Co., interview Managing director, 4th March, 2003)*

From Q3 in Table 7.4.8 it can be seen that the majority of Taiwanese management agree that it is important for a manager to have, at hand precise answers to most of the

questions that his subordinates may raise about their work", thus setting the standard by his own example. Although most of the Taiwanese managers realize British employees are very different from their own people and their own discipline might not be adopted by their subordinates, they still think leader should be a standard for his subordinates.

> *"I was the R&D director. So, I have an engineering background and an MBA. You know the IT industry upgrades their technology every three months so I have to learn and then teach them. They have to learn from me, so they won't feel bored about doing the same thing. They all gain knowledge and skills day by day." (Rat Co., interview Managing Director, 20th. April, 2003.)*

This confirms the research conducted by Laurent (1983) showing that the Asian Pacific managers think the manager should be a specialist able to provide convincing answers to technical questions. Hence subordinates seek advice from their managers that eases conflict in organizations where there is a belief that a manager should definitely know more than his/her subordinates. Furthermore, they may restrict questions to topics on which they know that manager is technically competent to answer. For example, the manager who can't answer subordinate's questions loses status. That is to say that the unity of the group depends on the manager maintaining his/her hierarchical position, his/her loss of status would endanger the security and stability of the entire groups and so also the interests of its individual members (Laurent, 1983, P.85; Trompenaars and Hampden-Turner, 1997, P.107).

Chinese leadership style is paternalistic to autocratic, with a high power distance (Redding 1995). The data from the interviews confirm the Chinese leadership style of

Taiwanese managers, which centralize their power because the company size is fairly small here. The company size of Taiwanese firms in the UK demonstrates the differences in terms of decision-making and co-operate governance. The power is centred on the managing director and they assume that subordinates should accept the order from the top.

> *"You must listen to top management, they may or may not have better ability than you, but it is essential to listen to and respect their decision." (Gold Co., interview Managing director, 3rd, April 2003.)*

One of Sun-Tzu's leadership qualities "*Sincerity*" concerns the ability to win the complete trust of subordinates in terms of fairness and trust. He should be able to establish mutual trust between management and employees. He must be able to delegate power, while knowing how to tolerate unavoidable mistakes by his subordinates (Chen, 1995, P.43), this can also be seen in the table 7.4.3 Trust.

The non-rational power is centred on ownership and controls the organization. As shown in Q7 in Table 7.4.7, Taiwanese managers can discuss the review with subordinates, but they will not alter their decision. Taiwanese management demonstrates their power in the decision of employees' performance.

> *"We have an annual review for performance. Of course, subordinates don't feel satisfied so they can say to me, but I won't compromise. I will explain to them why they get this mark. They can write down their disagreement, but I won't change my mind." (Daisy, interview, 1st, Dec. 2003)*

After appraisal, Taiwanese management may decide to lay off unsuitable employees although this desire may have to be modified by the British employment regulation (societal effect).

> *"Our HR is outsourced, because there is lots of legislation about managing people here. For example, if employees don't perform well; we can't lay off them easily, compared with Taiwan. In the UK, we have to give them notice by letters or have meetings to talk to him about improving his work quality." (Daffodil, interview 1st Dec. 2003)*

As it can be seen in Figure 7.4.5, the criteria for performance appraisal are based on (26) team effort, cooperation on a (2 2) collective level and on the (2 1) individual level on (28 1) hard working attitude and (2 3) attendance. The (10) responsibilities for default and achievement lie with both (10 3) superior and subordinates. The duration of performance evaluation is based on the annual (9 3) performance. After discussion with employees, the managing director makes final decision (2 4).

Figure 7.4.5 Appraisal
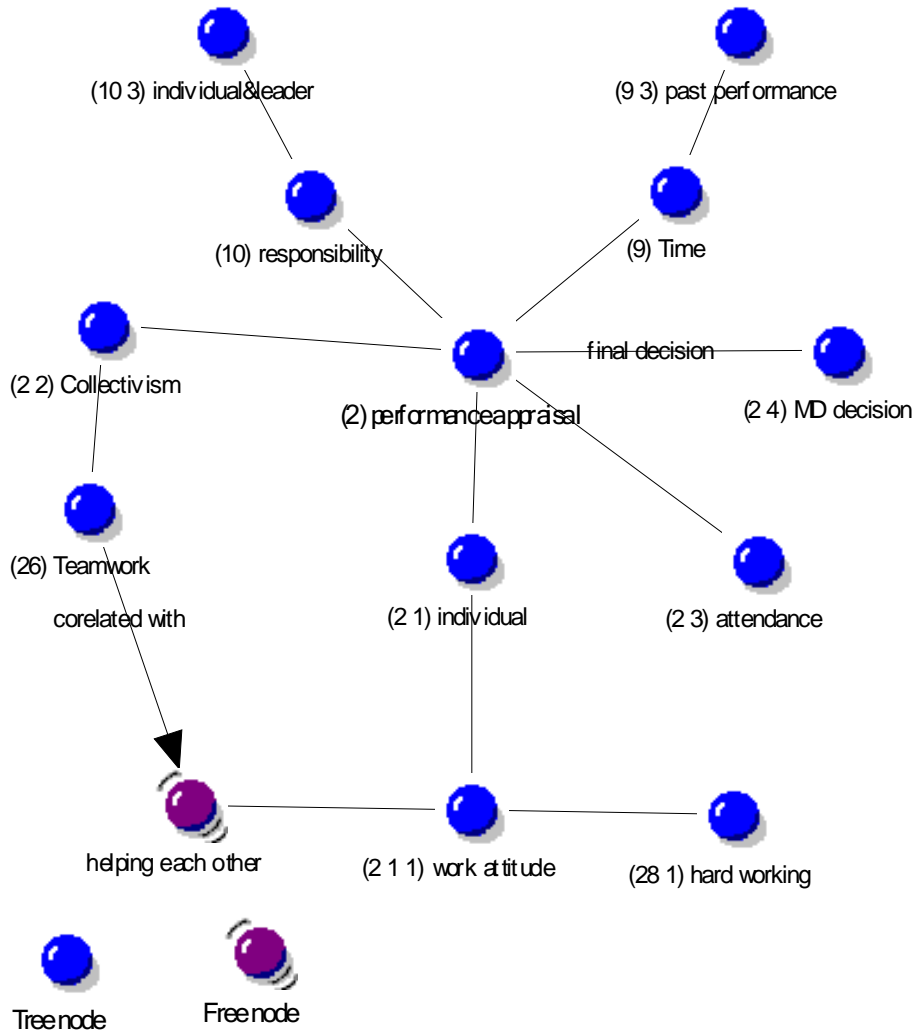
The question whether there is cultural difficulty between Taiwanese and British managers in the UK. As diagram 7.4.3 shown, the homogenous Taiwanese managers in the UK and the heterogeneous British managers in the UK are different but may seem familiar and not necessarily very foreign. The cultural distance reflects the "foreignness" of the management style between HQ and subsidiaries. Taiwanese management style in the UK includes Taiwanese management style in Taiwan.

Diagram 7.4.3 Distances between management groups on decision and the knowledge of a leader
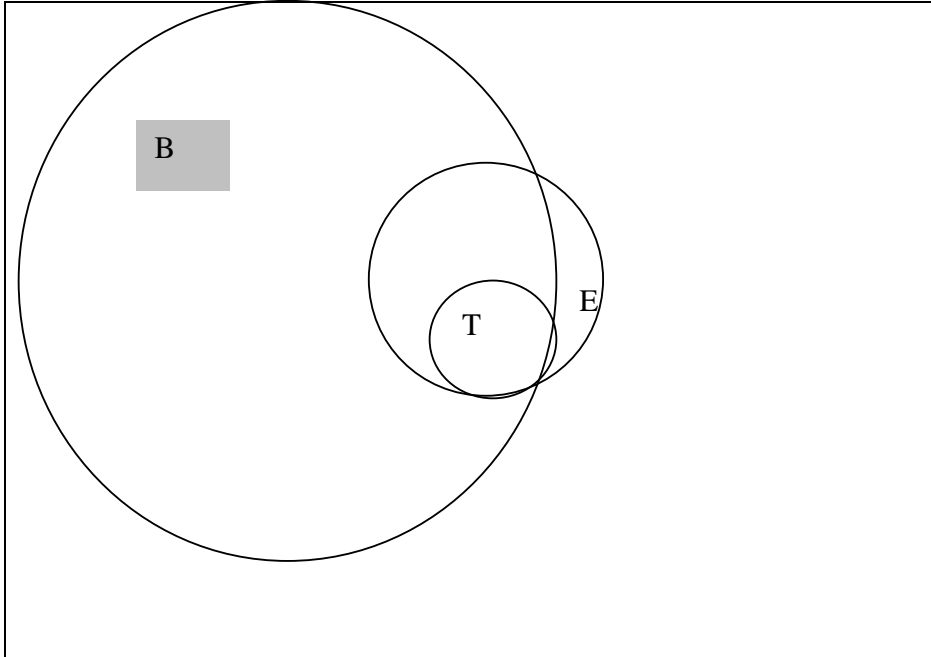
B: British managers in the UK
T: Taiwanese Managers in Taiwan;
E: Taiwanese managers in the UK

Mean of Distances:
Within British management: BB   BB=0.99
Within Taiwanese expatriates: EE   EE=0.40
Within Taiwanese M: TT   TT=0.22
From B to E: BE   BE=0.83
From B to T: BT   BT=0.81
From E to T: ET   ET=0.31

Table 7.4.9 presents leadership values for decision-making and knowledge for different management groups. From Taiwanese managers in the UK to British managers has clearly differences (DRIEB=207, t>.001), similarly, from Taiwanese managers in Taiwan to British leadership are very different from their own (DRITB=368, t > .001). It

confirms the cultural distance between management groups as shown in Diagram 7.4.3, Taiwanese notions about leadership, based on Sun-Tzu and Confucius, are tightly focused and very clear, British ideas about leadership are wide-ranging and heterogeneous and, because of this, can happily include most of the Taiwanese leadership model (particularly that held in Taiwan) without it seeming out of place. Taiwanese managers however could not accept most of the British ideas about leadership because they fall outside their circle.

Table 7.4.9 Distances between management groups on decision and the knowledge of a leader

From: \ To:	British Managers in UK	Taiwanese Management in the UK	Taiwanese Managers in Taiwan
British Managers	100	Na	Na
Taiwanese Management in the UK	207/ t > . 001	100	Na.
Taiwanese Managers in Taiwan	368/ t > . 001	Na	100

7.4.6 Familism

Familism is the means to construct vertical relationships based on the Confucian ethic and it influences Organizational structure in the selection of the decision maker and the style of decision-making. This can be illustrated through the choice of metaphor to describe how respondents see the company.

Family style culture tends to be high context, a *team*, which reflects to the sheer amount of information and cultural content taken for granted by members. The sports team

indicates low hierarchy and good communication (Hofstede, 1991). Relationships tend to be diffuse and power is political in the sense of being broadly ordained by authorities (Trompenaars and Hampden-Tuner, 1997, P.157-168). It is to say that the family style and sports team have the same meaning, thus, the organizational structure of Taiwanese MNCs in the UK confirms Hofstede's (1991) study, which indicates Asian organizations belong to the family style. According to survey data only from Taiwanese managers in UK in the table 7.4.10, by far most frequent company image in the survey was the sports team.

Table 7.4.10 Organization structure

IMAGE				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	market	1	2.9	2.9	2.9
	family	6	17.1	17.1	20.0
	machine	4	11.4	11.4	31.4
	pyramid	5	14.3	14.3	45.7
	sports team	19	54.3	54.3	100.0
	Total	35	100.0	100.0	
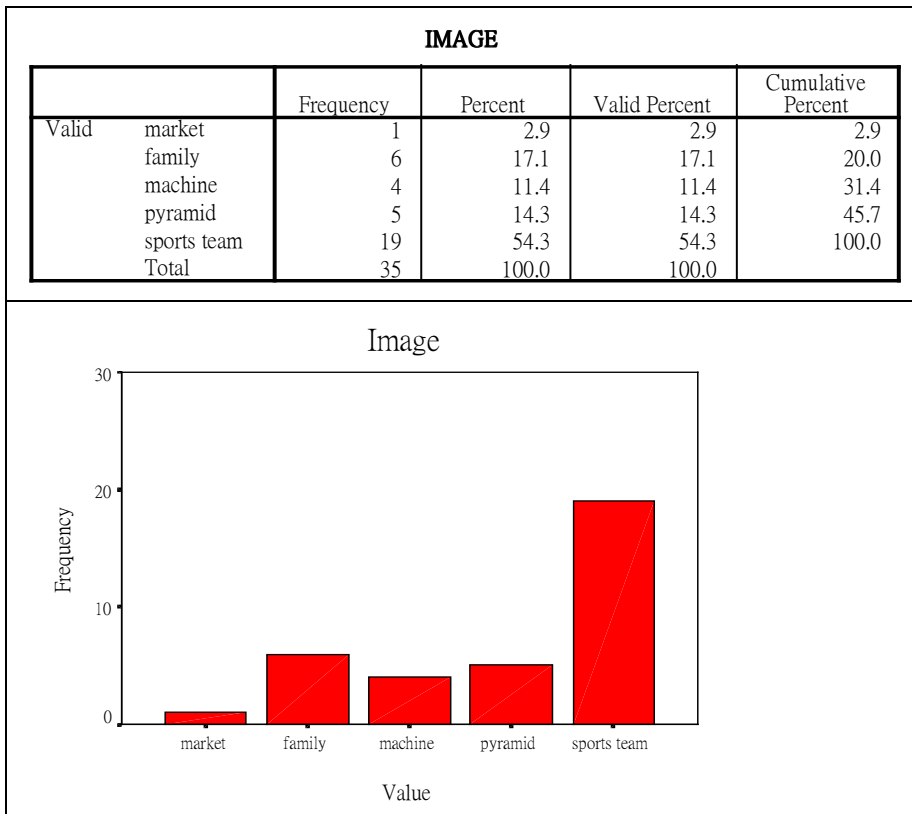
"I think we are a sports team, because we are very small firm. A sports team means every position is very important. If there is a loophole or leak, the company will have a big problem. I just got a phone call from Germany; they had some problems, so I referred it to the financial manager." (Dog Co., interview Managing director, 4th, March, 2003.)

The inner circle (please see chapter 4) consists of those few key people toward whom the principal owner feels that greatest degree of trust and confidence. The core group and the segmentation of firms and managerial positions in the business groups strengthen the control of owners and their confidants and lessen the possibility that their centrality can

be challenged successfully (Hamilton, 1997, P.265). Table 7.4.11 depicts that only in 37.1% was there no inner-circle that makes decision meaning that the Taiwanese managing director makes the decisions and 5.7% Taiwanese manager makes decisions. In 42.8% cases, 'no circle' means 'Taiwanese managers only', there is a Taiwanese manager and the decision making power is centred on Taiwanese managing director. All types of decision-making remain in the hands of the owners and those in the inner circle. Therefore, the quantitative data confirm that management tends to be formal and localised to each firm, while control tends to be informal and spans the group of family owned firms (Hamilton, 1997, P.264).

A relatively high preference for decision-making groups is Taiwanese managers and British manager (34.3%). The British managers can take part in the decision-making process, which indicates the trust build up between Taiwanese and British management (please see the section 7.4.5 Trust).

Table 7.4.11. Inner-circles

INNERCIR		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	no	13	37.1	37.1	37.1
	taiwanese manager	2	5.7	5.7	42.9
	British manager	1	2.9	2.9	45.7
	professionals	2	5.7	5.7	51.4
	other	2	5.7	5.7	57.1
	TM&BM	12	34.3	34.3	91.4
	TM&B&P	1	2.9	2.9	94.3
	T+B+P+HQ	1	2.9	2.9	97.1
	T&P	1	2.9	2.9	100.0
	Total	35	100.0	100.0	

Inner-circles
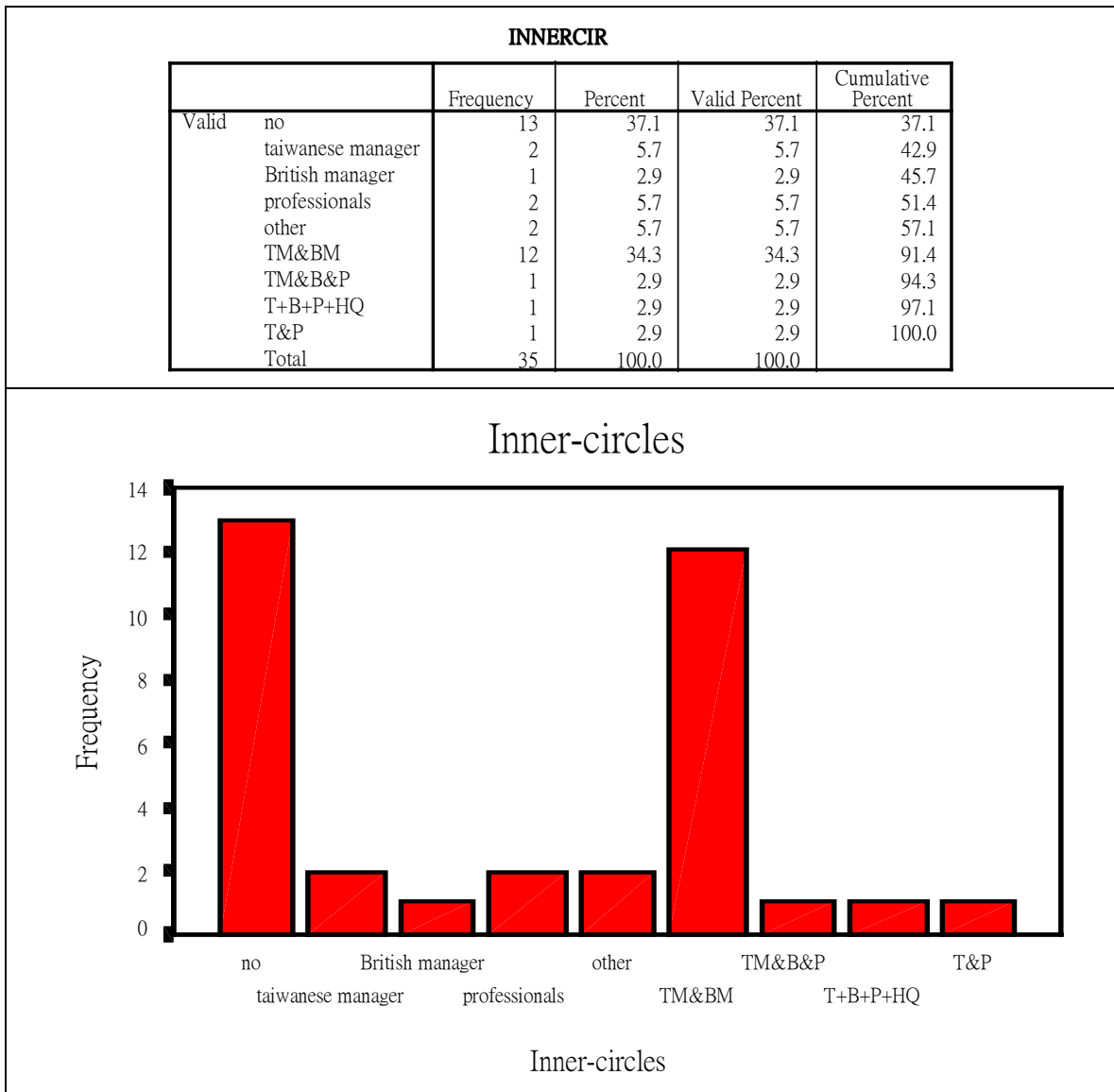
The organizational structure has an influence on decision-making style. When the firm changes into a larger and more professionally managed firm, this form usually demonstrates the development of decentralized decision-making and the adoption of more structured control system (Redding, 2000, P.36). Hamilton (1997) argues that no

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matter what is the firm's size, family control is the centre of Chinese management character. After the economic downturn in 2000, the major companies have successfully transformed into flatter organization during the past five years through organizational re-engineering. The organizational levels have reduced from 10-20 layers to eight layers; in result the new form of organization contribute to better communication and distribution of power to frontline employees (Wu, 2004, P.103).

Table 7.4.12 displays that British and Taiwanese managers perceive that there is a Taiwanese management decision-making style in the Taiwanese MNCs in the UK.

Table 7.4.12 Decision-making

Which of these managers do you feel is most like yourself? For British manager, which of these managers do you feel is most like your Taiwanese managers?			
	Taiwanese M in Taiwan	Taiwanese M in UK	British Manager
Manager A usually makes his/her decisions promptly and communicates them to his/her subordinates clearly and firmly.	11.8%	2.9%	33.3%
Manager B usually makes his/her decisions promptly, but before going ahead, tries to explain them fully to his/her subordinates. Give them the reasons for the decisions and answers whatever questions they may have.	29.4%	38.2%	33.3%
Manager C usually consults with his/her subordinates before he/she reaches his/her decisions. Listens to their advice, considers it, and then announces his/her decision.	47.1%	50%	33.3%
Manager D usually calls a meeting of his/her subordinates when there is an important decision to be made. Puts the problem before the group and invites discussion. Accepts the majority viewpoint as the decision.	11.8%	8.8%	0%

As shown in Table 7.4.12, Taiwanese manager tends to let subordinates participate in decision-making but still perceives his hierarchical and political role in the organization as being to make decision. Half of Taiwanese managers see themselves as Manager C. Similar perceptions are illustrated in the ideas on training decision, please see the section 7.4.5 Leadership.

"We have lots of meetings, I will listen to them and then consider the Pros and Cons. Finally, I will make the decision, which I think is the best solution. Because everyone has his or her preference, as manager, I should make decision." (Fire Co, interview financial co-ordinator, 31st, Nov. 2003.)

7.5 Summary

In conclusion, this analysis helps to conceptualise the comparisons of the three groups and to give an insight to the cultural value migration from Taiwanese HQ to the UK subsidiary. Since the differences between the groups are statistically significant in only nine out of fifty six items, it could be argued that the westernisation in Taiwan and the Japanisation in the UK are resulting in a convergence of work systems in both societies (the dominance effect).

The value differences between Taiwanese managers and British managers in the host country are statistically significant. This research confirms that most of the literature highlights how difficult it is to manage a subsidiary without understanding national cultural differences. Taiwanese management construct their work system based on their

headquarters experience but take into consideration British legislation and working practice, owing to their ideology of being 'situation-based', which means adaptation to local conditions (societal effects). It's worth noting that the squared Euclidean Distance highlights the statistical differences in a lot of detail and presents the compatibility of management styles between British and Taiwanese management. The reward system as well as personal contact (socialisation) demonstrates a significant cultural difference between Taiwanese and British management in the UK.

It is important to note that the cultural similarity between different cultures, Taiwanese homogenous perspective to Confucian and Sun-Tzu leadership in Taiwan and again the western cultural impact on Taiwanese managers in the UK make them more heterogeneous than Taiwanese managers in Taiwan (societal effects). Since Chinese leadership model can be seen as similar as transformational leadership in western management, British managers do not to have a cultural difficulty. Therefore, this case does not confirm the culturalist theory that cultural difference is likely result in conflict in an organization.

Chapter 8 Conclusion

8.0 Introduction

In this thesis conclusions can be drawn concerning several areas of Taiwanese management within the UK. Some conclusions relate to the strategy of human resource management in respect to integration and commitment strategies and others demonstrate the contextual components of HRM in Taiwanese companies in the UK. These conclusions draw on the comparison between the responses of the Taiwanese and British managers in this study and also from the literature evidence, reviewed in Chapters 4 and 5, of the practice of Japanese companies in the UK. The Japanese are the only other major non-Western MNCs operating in the UK are regarded as having a similar culture to the Chinese/Taiwanese. However, as has been shown, the cultural differences are sufficiently significant to be reflected in different management styles. The relationships between the above factors will allow the generation of a model of IHRM more appropriate to an East-West diffusion of practice.

The key findings of this research:

- Culture has been an important factor in the transfer of HRM and IHRM practices from Taiwan to the UK

- A Contextual paradigm is more useful than a Universalist paradigm while researching in the field of HRM and IHRM

- Both nationality effects and societal effects influenced management style in Taiwanese MNCs in the UK

- The small size of Taiwanese companies in the UK reinforces the role of the senior (Taiwanese) manager as head of the 'family'

- Despite overall similarities in approach there were sectoral differences in strategies to key HRM areas such as recruitment.

- Western HRM theories still can apply in Eastern MNCs, but HR practices are bonded to national culture

8.1 International Human Resource Management

Cultural theorists, such as Hofstede (1980) and Trompenaars (1997), by emphasising the importance of host country culture for the Western owned MNCs, have demonstrated the limitations of the Universalist approach to IHRM and given support to a more Contextual model.

This research which has largely taken a contextual perspective has demonstrated three major processes which arise within the relationship between the MNC and the host country. First, the nationality effect which emphasises the work system and its essential values transferring from the home country. Secondly, a societal effect, which emphasises the values and practices and institutional framework prevailing in the host country.

Thirdly a dominance effect, of the diffusion within MNCs of what are seen as best practices, mainly originating within Western HRM models. In addition, there are some other factors to be considered such as sectoral characteristics and company size of the MNCs. This research also found an authority effect: the leadership of Taiwanese managers has a certain degree influence in managing human resource in the subsidiary, which depending on the international staffing strategy. The HR strategy in the subsidiary should take into account the composition of staffing, the strategy of international staffing and the degree of control from HQ. These factors can be integrated to form a model to study international human resource management in the multinational firms.

8.1.1 Nationality effect

The research on Taiwanese MNCs in the UK confirms the findings from Brewster and Tyson (1991), Ferner and Quintanilla (1998) that there is clear evidence of a 'nationality effect'; as with US and Japanese MNCs, Taiwanese managers take their values with them from the parent company to the subsidiary. The research also confirms Muller (1994) proposition that the organisational effect is less dominant than the societal effect in the subsidiaries.

The international staffing strategy should be considered carefully. In some cases, expatriates are only in the position of auditing; technology transferring as well as financial controllers and the top management are selected from the host country, whose management style is related to their national culture. Sorge (1995) indicates that

expatriates as an agent bring their work system to the host country, but he doesn't consider the expatriates position in the subsidiary. If the expatriate's position doesn't occupy a top management post such as managing director, the nationality affects is unlikely to appear in subsidiaries. It would be better to say, the management style in the organization depends on the composition of the top management. Consequently, the 'authority' figure affects the management style in MNCs.

8.1.2 Societal effect

However, Maurice (2000) has argued that the societal effect should also be seen as an appropriate method to investigate management transfer from other countries, when the societal effect can shape the imported practices. For example, as we have seen, Taiwanese managers in the UK construct the work system based on headquarters practices (nationality effect) and their own cultural values but have to take into consideration British legislation and working practice synchronically (societal effects).

8.1.3 Dominance effect

In Chapter 2 the universalist paradigm of HRM was criticised for not giving importance to factors such as culture. However it is clear that dominant models of management such as the Western HRM model do contribute to partial convergence through diffusion of what is seen as best practice. In the case of Taiwan this is magnified by the continuous westernisation of the society. This research suggests however that such a dominance

effect is more likely to be found in headquarters practice and attitudes rather than in the practice of expatriate managers in subsidiaries.

8.1.4 Additional Factors influencing IHRM

Additional factors, which influence the IHRM models, include the sector and the size of MNCs.

8.1.4.a Sector differences

According to the contextual paradigm, HR practices should take into account industry characteristics. That sectoral characteristics do influence HR practices was seen in comparing the responses of the Taiwanese IT companies in the sample to those of the financial services companies. The IT industry is known as a 'global' industry, in which a series of domestic industries compete against each other on a worldwide basis (Makhija et al, 1997, P.680). The competitive pressure in each industry is examined at varied levels of globalisation, such as the function of production in a company intends to locate in the cheap labour nation but R&D settles in advanced technology countries, so it is reflected in the strategies of firms in the industries (Sparrow, 2004, P.40). For example, the Taiwanese MNCs in the IT industry has no brand products and its business focuses on manufacturing and providing R&D and service for MNCs with brand names such as IBM and Dell. The global deal is done at the Taiwanese HQ and the function of subsidiaries mainly focus on assembly and service for brand name customers, therefore, the

subsidiary is seen as a cost from the point of view of headquarters. The sectoral character influences the business strategy of the subsidiary in the UK, when the firm seeks to gain competitive advantage by pursuing the competitive strategy of cost reduction, primary short-term focus and concern with results and minimal levels of employee training and development (Schuler and Jackson, 1987, P.210-211).

These sectoral differences are demonstrated in differences in staffing practice. Taiwanese MNCs in the IT industry in the UK confirm with Adler and Graham's (1990) model of IHRM, in which in the international firms stage, managers are assigned to posts in foreign markets to provide general management, technical expertise and financial control. In this stage, culture is likely to play a significant part in managing human resources. The various markets require a differentiated approach and adaptation of the product and business methods to local circumstances. In addition to technical competence, then, selection criteria such as language skills, cross-cultural adaptability and sensitivity are also important. Since understanding of local circumstances is a requirement, host-country nationals are frequently recruited for management positions in the area of sales, marketing and personnel. As we have seen Taiwanese MNCs in the IT sector have both ethnocentric and polycentric strategies. The composition of Taiwanese MNCs in the IT sector is that the majority of Taiwanese expatriates occupy the managing director position and then the rest of management posts are composed held by British people. Although Taiwanese expatriates may not be the top management, their role can overcome the disadvantages of the polycentric staffing strategy, where the polycentric subsidiary may not have the same organizational culture as the home culture. The problem of Parent

Country Nationals (PCNs) at headquarters is lack of international experience which makes strategic planning on a global basis much more difficult (Keeley, 2001, P.104). Therefore, the mixture of ethnocentric and polycentric methods can enhance the advantages and eliminate the disadvantages of each strategy.

On the other hand, Taiwanese MNCs in the financial services industry adopt a more ethnocentric strategy in their local staffing to recruit British Chinese. Management operates from an ethnocentric setting, which can eliminate the cultural differences between home and host countries. Thus the Adler and Graham IHRM model may not be suitable to study the financial service industry of Taiwanese MNCs in the UK. It is worth noting that it is not a unique way to manage subsidiaries for Taiwanese MNCs in other places; the large population of Chinese immigrants provides a recruitment pool for Taiwanese MNCs of IT and banking industries in America, such as Los Angeles (Zhou, 2000, P.138). The culture of the host country is not taken into account because of the composition of the local staffing, customers and the business orientation. The advantage of this recruitment method is that it can enhance trust from overseas firms to grant credit (Zhang, 2000, P.191-192).

8.1.4.b Company size

The size of the company is one of the important factors in managing human resources. Monks et al. (2001, P.536) found that a characteristic of Irish MNCs is small company size, and this influence the strategy of development of IHRM policies and practices to

adopt a more flexible approach to internationalisation and enter markets and countries. Taiwanese MNCs in the UK are very small, and thus there are three layers in the organization, Taiwanese managing director, British managers and British non-management employees. The power is centered on the managing director but their HR strategy is to consult with British employees because of unfamiliar with the British labour law. Hamilton (1997) suggests that no matter what is the firm's size, family control is the central characteristic of Chinese management. Although the managing director is not a member of the owner's family, the organisational structure does retain the same configuration as the family firm.

8.2 Human resource practices transfer from Taiwan to UK

The fieldwork reveals that the similar goals to those of the universalist paradigm of HRM – commitment, empowerment, high trust and transformational leadership - can also be found in Taiwanese management but the techniques or routes to *achieving* these goals will be different in the Taiwanese firms in the UK because of the cultural values of the Taiwanese managers (nationality effect). The techniques to achieve the HRM goals will rely on processes, such as *guanxi*, and socializing outside work although a societal effect influences some practices due to institutional legislation. These differences will be demonstrated in the following sections by a summary comparison of the responses of Taiwanese managers and British managers.

8.2.1 HR practices influenced by the Nationality effect

8.2.1 a Harmony

The preference for cooperative spirit and reward underlies harmony in the organization. As shown in Chapter 4, Harmony is the most important element in managing human resources in Japanese and Taiwanese society and organizations. Like Japanese management, Taiwanese management believes the key success of a company must take into account everyone's effort in an organization. The tactic to achieve harmony is associated with HR practices; for example, group reward is designed to encourage cooperative spirit and individual reward undermines harmony in the organization. Taiwanese managers promote the cooperation thus; group reward is designed to motivate employees.

MBO (management by objective) is seen as specific western oriented practices however; Taiwanese MNCs see performance as a company goal, which has to be achieved by everyone in an organization. Therefore, reward will be based on the financial performance of the company. Cooperative spirit is the main criterion of appraisal in the Taiwanese organization and Taiwanese management advocates cooperation and group reward, which is derived from the philosophy of Confucianism and Taoism. Benevolence is the central theme of Confucianism and one of the criteria of Sun-Tzu's leadership, and a benevolent person is not happy if he is successful or able to understand the truth, while others are not. As described in Chapter 4, he feels obliged to help others to succeed or

comprehend themselves. While the British prefer to motivate employees by specific individually orientated practices, such as MBO and performance-related pay, Taiwanese management rewards group effort and hard working (overtime work).

A comparison with Japanese management may also be useful here. Harmony is also embedded in the Japanese culture but to achieve harmony in Japanese society is to obey the law and corporate policy in Japanese organizations, while to achieve harmony in Chinese society is to follow the situation, as influenced by Taoism and Confucianism, as shown in Chapter 4. Wu Lun is the basic rule to deliver the best settlement for both parties, which must be followed to ensure a harmonious society. On the other hand, in Japanese management consensus decision-making, the principle of father and son relationship is based on obedience, and therefore, decision-making power is political in the sense of being broadly predetermined by authority. For example, subordinates might have a disagreement with their performance review, but the managing director would not accept it. In contrast, the decision-making style of Taiwanese management is consultative. For example, the Taiwanese managers believed that training decisions should take into account subordinate's opinions although Taiwanese managing directors should make the final decision. Like Japanese management, Taiwanese management does believe harmony can be achieved by obedience to authority. The after-work social event can balance any conflicts caused in the organization so the harmony is achieved.

8.2.1 b Guanxi

"*Laouzi guanxi*" in Chinese, demonstrates that *guanxi* is an important mechanism in Chinese society. People management is decentralized, because Chinese management stresses the importance of personal relationships between the manager and the employees. It is worth stressing that *guanxi* of employment relations is not based on reciprocity but rather on obedience, with the subordinate in the hierarchical relationship necessarily obligated to obey the superior (Hamilton, 1997, P.270). However, Taiwanese managers adopt both strategies in different practices, the reciprocity in terms of reward as well as obedience, to obey the superiors to maintain a harmonized work place. Chinese *guanxi* can be seen as particularist, so that the relationship between the HQ and the subsidiary is based on the managing director of the subsidiary and the CEO. The desirable characteristic of international staffing for Taiwanese MNCs in the UK is "trust" which is the crucial factor to make *guanxi* work.

Taiwanese managers believe the personal relationship with employees is very important in managing human resources. The foundation of the relationship is based on reciprocity, which is reflected in reward such as a yearly bonus. This compensation based on organisational performance is the same as that practiced in Taiwan. According to reciprocity, Taiwanese management believe corporate financial success should be distributed to all the members in an organisation and expect them to achieve the same outstanding performance next year. Taiwanese management shows their appreciation to their employees' year's effort, such as overtime work, for which they should be paid.

Unlike Taiwanese managers, the conflicts in the office can be resolved through socializing; British managers do not favour socializing outside work.

While Japanese MNCs apply their recruitment processes and emphasis on youth in their UK plants, for example, recruitment, many Japanese transplant managers in South Wales prefer to recruit younger workers (under 25) who display some evidence of responsibility and discipline (Elger and Fairbrother, 1999, P.56). Sectoral differences were apparent within the Taiwanese companies regarding their degree of preference for *guanxi* related to recruitment. The Taiwanese MNCs in the IT sector rejected *guanxi* related to recruitment, which includes the management transferred from the Taiwan headquarters, as described in chapter 4. However, it was being adopted in the financial service sector owing to the shortage of Chinese language ability. However, *guanxi* associated with recruitment is only a gatekeeper; again, the newcomer has to demonstrate his/her ability to perform the tasks and show a desirable attitude to the workplace to gain trust from top management.

8.2.1.c Loyalty

In the Confucian view, the relationship between ruler and subject is based on loyalty and duty. This influences HR practices and in particular a preference by Taiwanese managers for long-term employment (that is, employees should work in an organization more than five years); however, British management tends to the short-term orientation. It is interesting to note that MNCs are not stable organizations, they may move to other

countries, depending on their business, which results in job insecurity, therefore, Taiwanese managers indicate they can not offer job security to their employees. Because of job insecurity, Taiwanese managers provide training and development only if it is necessary. In addition, Taiwanese managers indicate their criteria for performance appraisal are not based on age and the length of service. As mentioned in the Chapter 5, Japanese MNCs demonstrate different management transfers in the UK, the Telford Japanese electronic MNCs do not transfer life-time or long- term employment but the Japanese in the South Wales do have such long term employment. Similar to Japanese management, employees have job autonomy in Taiwanese MNCs in the UK.

It is worth noting that, as Taiwanese companies experienced the economic downturn in Taiwan in 2000, their value changed to accept the individualism of the dominant Western HRM model. Because of the globalisation of capital and technology change, firms can move around the world in order to achieve the competitive advantage of cost reduction. Taiwanese managers in the UK and Taiwan indicate that they can cope with British short-term orientation. However, the individualist British managers may have difficulty to deal with the collectivist orientation of Taiwanese managers (See Table 7.4.4 in the Chapter 7). In addition, Taiwanese MNCs in the IT sector follow their customers to migrate to anywhere in the world; thus, it is impossible for them to provide employment security.

8.2.1 d Trust

Taiwanese managers do not have enough knowledge about employment legislation in the host country; therefore, they put their trust in their British managers. British employees have to go through the process of being trust by Taiwanese managers in the UK, as described in the section on trust in Chapter 4. It is interesting to note the notion of trust is similar with job autonomy in the Western HRM model; therefore, the nationality effect is unlikely to cause conflict in the host country because of the resemblance of management practices.

8.2.1 e Leadership

Unlike the seniority based leadership style in Japanese management, Sun-Tzu and Confucianism leadership are the bedrock of Chinese leadership, described in detail chapter 4. Continuous investment in training and development can leverage employees' knowledge in order to enhance organizational efficiency and commitment based on reciprocal culture as well as the Confucianism emphasis on learning, however, as mentioned in the 8.2.1b loyalty, Taiwanese managers see subsidiaries as an temperate organisation so they are likely to train their employees based on essential needs for the improvement of the company performance. Looking after employees can be done in several ways, such as improving skills, or good rewards. Sun-Tzu leadership is related to recruitment criteria such as personality and organizational cultural fit in order to achieve a harmonised workplace. Although most Taiwanese managers realise British employees

are very different from their own people and their own discipline might not be adopted by their subordinates, they still think the leader should be a standard for his subordinates, which is embedded in Sun-Tzu leadership. As described in the trust section, One of Sun-Tzu's leadership qualities "*Sincerity*" concerns the ability to win the complete trust of subordinates, as can be seen in Chapter 4. Trust influences job autonomy, and a competent person can do a job properly with job autonomy. Taiwanese managers demonstrated situational based logic in recruitment. It depends on jobs such as new graduates for technical positions, but not management positions. They believe the knowledge of technology should be gained from educational institutions, which contribute learners to learn up-to-date technology. For the management position, they prefer to recruit well-experienced people. It is to say Taiwanese managers has situational orientation, in terms of the recruitment. Reduction of status differences may not fit the Taiwanese leadership style; authority is seen as an important factor in an organisation.

8.2.1 f Familism

Familism is the norm to construct a vertical relationship based on the Confucian ethic and it influences organisational structure, the selection of decision makers and the style of decision-making. All types of decision-making remain in the hands of the owners and those in the inner circle (Hamilton, 1997, P.264). Taiwanese managers are a final decision maker, but they rely on British professional managers because they do not have enough local knowledge in area such as marketing and employment issues. Taiwanese managers in the UK consult British professionals and this is based on trust, as discussed in the

earlier in this section. The manager's transition into a decision maker, the major criterion for recruiting people and for selecting business partners has 'personal trust' as its first principle.

8.2.2 HR practices influenced by the Societal Effect

The societal effect influences the HR practice in Taiwanese subsidiaries in Britain. Even though the financial service sector of Taiwanese MNCs in the UK employ British Chinese, and thus the HQ management style can transfer to the UK without any cultural difficulty, they still have to follow the British employment law, as shown in chapter 5.

Moreover, institutional differences such as company law of shares, bonus scheme at the headquarters and economic differences in the headquarters such as economic downturn all shape the value of expatriate management. Consequently, while expatriates transfer management style from the Taiwan HQ, simultaneously the British national culture, legislation and history mould practices of Taiwanese management in the UK.

Societal effect in Taiwanese MNCs in the UK can be found in the practice of financial participation. Taiwanese managers in Taiwan believe that employees should be encouraged to become shareholders in the company, while, Taiwanese managers and British managers in the UK have very similar attitude toward financial participation about 30% lower agreement to it. The reason could be Taiwanese firms in the UK do not have share in the British stock market. Although some of Taiwanese MNCs have a profit

sharing scheme with shares in the parent company for expatriates, it does not apply to their employees in UK.

Although Taiwanese managers believe outside work socializing can contribute to harmonize in the organization, however, this practice is unlikely to be implement in the UK subsidiary, because of individualism of British culture, British employees are unlikely to socialize with their colleges.

8.2.3 A suggested model of IHRM

Figure 8.1 demonstrates how the three effects in the above discussion contribute to the HR strategy in subsidiaries and how the authority effect is influenced by a nationality effect. The other factors such as company size and industrial differences demonstrate the influence on HR strategy. It suggests how we can see the connections between societal, nationality and dominance effects in an integrated model of IHRM. This is however not a universal model but a contextual model which utilises the variables appropriate to Taiwanese companies.   Other MNCs (for example those based in Brazil or India) could use the same category headings but have different variables within those categories (e.g. under nationality effect, an Indian company may include attitudes to caste).

Figure 8.1 A model of IHRM in the context of Taiwanese MNCs
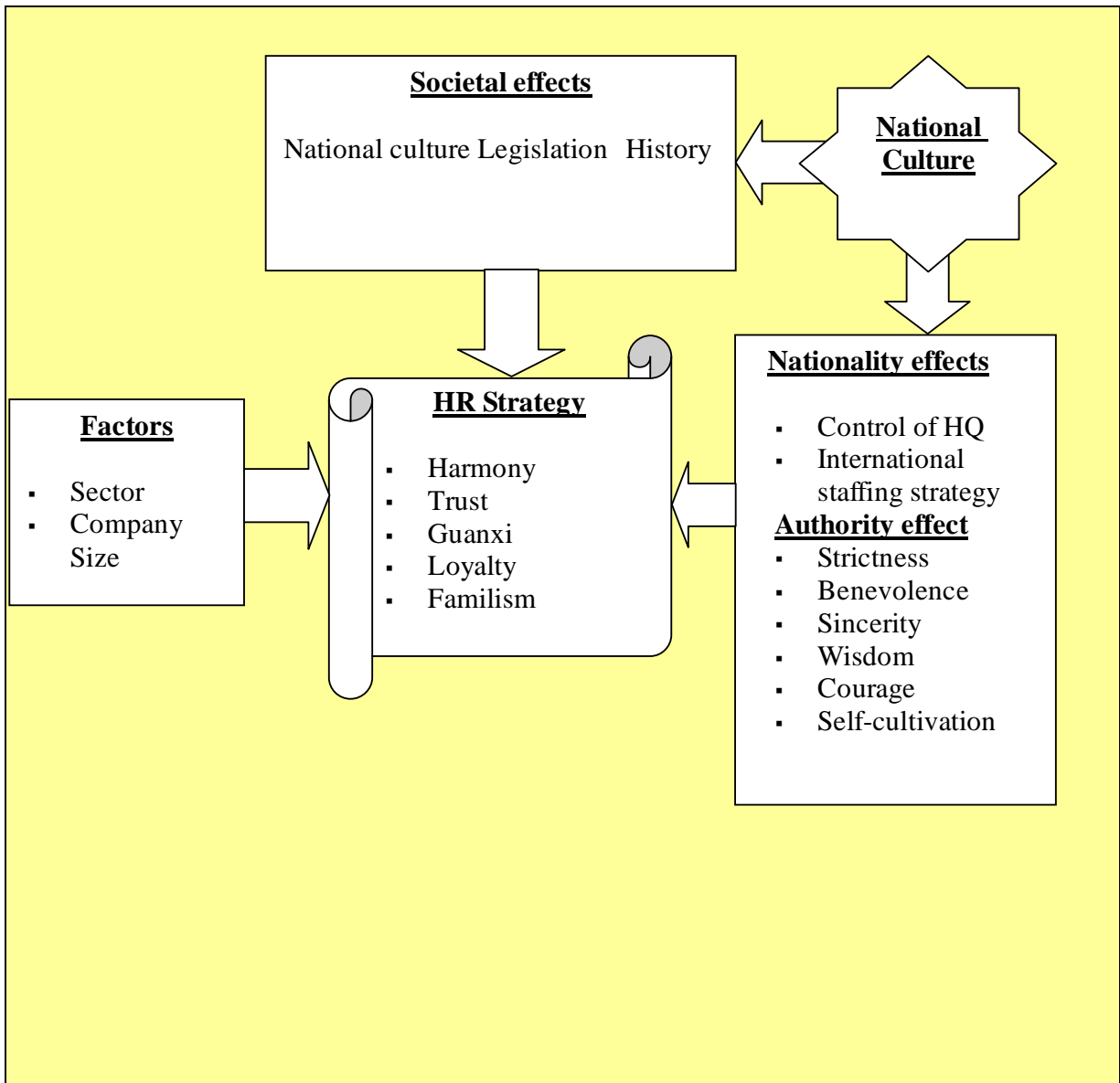
Taiwanese overseas branch managers operate on the basis of what they know Chinese values and what they find the local workforce. However, it does not cause conflict between Taiwanese and UK staff because although the routes (practices) taken to get to

the HR goals are different, the goals do share a degree of similarity, as can be seen by the following comparative table:

Table 8.1 The Comparison of Western HRM and Chinese HRM

Dominant 'Western' HRM Model	Chinese HRM
Transformational leadership	Sun Tzu leadership - benevolence, wisdom etc

Commitment
    - to the company
    - individual reward
	Loyalty
	    - to the manager
	    - group reward

Unitary culture - teamworking	Harmony
Empowerment	Trust

It can be argued that human resource management in Taiwanese MNCs in the UK has the same goals as the dominant Western high commitment model, such as trust and leadership. Two types of organizational commitment can be found in Taiwanese MNCs: affective commitment and continuous commitment. Affective commitment is achieved by social events outside work and relationship based employment relations in Taiwanese MNCs. Taiwanese management see *guanxi* as an important asset, thus they recognise the cost of *guanxi*, when the person leaves, the organization loses that guanxi (Lou, 1997). In short, the objective to achieve high commitment in Taiwanese MNCs is the same as the Western model but the means to achieve high commitment is the cultural-bond.

Similarly, in the universalist paradigm of HRM the leadership model is transformational leadership, which indicates that a leader should possess wisdom with associated vision,

self-confidence and inner strength to guide their followers. This can be found in the criteria of the Sun-Tzu leadership, which has the attributes of wisdom, sincerity, benevolence, courage and strictness. This type of organization assumes that people want to contribute through a common purpose or ideal, and the organization offers its members satisfaction derived from relationships: mutuality, belonging, and connection (a being culture) (Appelbaum et al, 2004, P.28).

8.3. Implications for research

There are some limitations in this research. There is first, the cultural barrier in the fieldwork: it is impossible to select randomly from Taiwanese MNCs in the UK according to size or the length of internationalisation, because the chance to access the informants depends on networking. The small sample of companies in the service industry produces the problem of testing the statistical significance between different sectors.

Second, the value of the research mainly conducted in a quantitative way (Hofstede 1980 and Trompenaars, 1997), is that it demonstrates that culture influences values and then behaviour. However, some researches indicate the dilemma of value research can be overcome by mixed research methods. The problem of quantitative research method is that it cannot predict the actual behaviour; but it can be resolved by another research technique, such as qualitative one. For example, the quantitative data indicates that Taiwanese managers do not like recruitment related to *guanxi*, however, the qualitative

data reveals that they have to recruit employees through connections due to the language demands of the firm. In short, mixed research methods offer a richer interpretation of data than either relying on just qualitative or quantitative on its own.

Third, international management should be aware of its existence when they are trying to export their own management styles and values to another host country. The institutional and cultural perspectives should be integrated to conduct research in international HRM. Fourth, the limited language skills of the researcher may have resulted in mistranslation.

Finally, this research also suggested that the contingent approach to value research could bring a deeper insight into organizations. While cultural studies in the field of anthropology are traditionally conducted by using bipolar dimensions, making general statements from the dichotomies of cultural study is clearly a dangerous method.

This research has lifted the veil from the understanding of Taiwanese/Chinese MNCs in Europe. For future research, first the rate of merger and acquisition between Chinese firms and Western MNCs such as IBM is rapidly increasing, thus demonstrating a different entry mode to compare with this research, which focused on foreign direct investment. Second, although this research paid attention only to small sized MNCs, due to the scale of recent Chinese MNCs merger and acquisition with Western MNCs, company size should be a variable to be considered while conducting further research. Thirdly, while this research contributes to the understanding of Taiwanese/Chinese

management style in the UK responses were mainly obtained at management level; for further research, the non-management level should be included.

8.4 The implication for Taiwanese MNCs

Although the findings demonstrate that the main themes of Western HRM have similarities to Taiwanese management values, the techniques for achieving these goals are different for the Taiwanese MNCs in the UK because of the differences in cultural values between Taiwanese and British managers. These differences demonstrate that the HRM techniques are not culturally neutral but rooted in culturally specific values. Since Taiwanese HQ have turned their practices much more toward a Western HRM orientation, such as by implementing a performance-based pay system in order to achieve high commitment, it is likely to reduce the effect of the lay-off policy in the economic downturn era (Wu, 2004, P.103). Therefore, this research suggests that Taiwanese management in the UK should consult with the department of HR at the HQ to transfer their individual performance related pay to the UK. They would have to undergo considerable re-training themselves to think in the 'Western' way about individual reward.

Second, the communication should be explicit. Taiwanese management should prepare for managing arguments with British employees within the workplace. Unlike in Taiwan, socialising outside work may not be a good practice to achieve harmony in an organization, because it is unlikely to fit with the individualist culture of Britain.

Thirdly, training and development should be promoted in subsidiaries to leverage knowledge and mutual commitment to the organization. Finally, because of the characteristics of the MNCs, they may not invest in a nation for a long term; thus, this research suggests that Taiwanese MNCs in the UK should adopt flexible working practices, such as contract workers, which can reduce the cost of redundancy, while not only dissolving the subsidiaries but also solve the shortage in the busy season.

In the near future, Taiwanese MNCs will probably have to make improvements in the managing of cultural differences. Here, the question of how successfully they will be able to deal with the situation will be dependent on to what extent they are prepared. And to what extent they are prepared will be depend on the strategy of HRM in the international firm. The cultural issue does not stand-alone. It is a crucial component of designing the work system in subsidiaries.

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UNIVERSITY OF STIRLING

DEPARTMENT OF
MANAGEMENT AND ORGANIZATION

台灣管理方式的問卷調查

這份問卷的目的是在調查台灣英國分公司的人力資源管理方式，問卷的第一部分是有關一般的管理方法，第二部分是在於了解貴公司人力資源的管理方法。

公司：＿＿＿＿＿＿＿＿

壹、　請問貴公司有多少員工？

甲、英國經理＿＿＿＿＿人。英國非經理人＿＿＿＿＿人。

乙、台灣的外派人員＿＿＿＿＿人。

丙、其他＿＿＿＿＿人。

貳、　請問貴公司有多少正職人員？

甲、英國經理人
男性經理：＿＿＿＿＿人。女性經理：＿＿＿＿＿人。

乙、英國非經理人
男性員工：＿＿＿＿＿人。女性員工：＿＿＿＿＿人。

參、　請問貴公司有多少非正職人員？

甲、男性員工：＿＿＿＿＿人。女性員工：＿＿＿＿＿人。

肆、　請問貴公司是位於哪裡？

☐ 英格蘭　☐ 威爾斯　☐ 蘇格蘭

伍、　請問貴公司成立於英國有多少年了？

☐ 一至五年　　　☐ 六至十年　　☐ 十一至十五年

☐ 十五至二十年　　☐ 二十年以上

陸、　　請問貴公司有無決策委員會？

☐ 有 ☐ 沒有　如果有，他們是　（可複選）

☐ 台灣經理　　　☐ 台灣經理的家人　　　　☐ 英國經理人

☐ 專業人士　　　☐ 其他　（請說明）＿＿＿＿＿＿

柒、　　請問您想您會待在這個公司工作多久？

☐ 二年　　　☐ 二至五年　　　☐ 五年以上　　　☐ 直到我退休

捌、　　請問您會在英國留多久？

☐ 一至五年　　☐ 五至十年　　☐ 十年以上　　☐ 依照公司的派任

☐ 希望長至足以成為英國公民

玖、　　請問貴公司有無 Teamwork？ ☐ Yes　　　☐ No

壹拾、　試問你喜歡下列哪一種公司？

☐ 每個人都隸屬於某個專案團隊並且每個人的報酬是依整組的績效。

☐ 每個人都是個體，其績效與他人無關。

☐ 每個人都隸屬於某個專案團隊，其報酬是依個人的績效。

壹拾壹、　　假如某項錯誤被造成，你會將責任歸咎於某個人或是整個團隊？

☐ 由造成失誤的人負責。

☐ 因為是在團隊中所造成的失誤，所以要由整個團隊的人負責。

☐ 由造成失誤的人以及團隊的領導人負責。

壹拾貳、　　每個人以不同的觀點來看他們的公司。下列哪一種影像和貴公司最像？

☐ 市集　　　☐ 家　　　☐ 機器　　　☐ 金字塔　　　☐ 球隊

請先閱讀以下四種管理方式，然後回答第十和第十一個問題。

> **經理甲**通常很快的下決定並且清楚地而且堅定地告知部屬。
>
> **經理乙**通常很快的下決定，但是在下決定之前，會嘗試去向員工清楚的解釋決策的理由以及回答員工的任何問題。
>
> **經理丙**在下決定前，通常會徵詢員工的意見，不但會聽他們的建議，還會顧及他們的建議，然後才宣布他的決定。
>
> 當有重大決策要下決定時，**經理丁**通常會召集員工開會，把問題攤開來討論，並且以大多數人的意見為決議。

壹拾參、　　以上哪一位經理最像你？（單選）

☐ 經理甲 ☐ 經理乙 ☐ 經理丙 ☐ 經理丁

壹拾肆、　　以上哪一位經理是你理想中的經理？（單選）

☐ 經理甲 ☐ 經理乙 ☐ 經理丙 ☐ 經理丁

壹拾伍、　　試問您是否同意以下的陳述？

	非常 不贊同	不贊同	贊同	非常 贊同
1. 公司的規範是不允許被破壞，即使員工認為某項替代方案是對公司有利的。	☐	☐	☐	☐
2. 主管給員工的指示應該很明確具體而非抽象化。	☐	☐	☐	☐
3. 要一位有能力的員工把工作做好，最好是能給他非常嚴謹的工作指令。	☐	☐	☐	☐

壹拾陸、　　試問您是否同意以下的陳述？

	非常 不贊同	不贊同	贊同	非常 贊同
1. 雇主應該提供員工長期（至少五年）的工作保障。	☐	☐	☐	☐
2. 員工至少應該同一公司待五年以上。	☐	☐	☐	☐
3. 在工作場合中，良好的上司和部屬之間的互動對工作的成效是有幫助的。	☐	☐	☐	☐
4. 在工作場合之外，良好的上司和部屬之間的互動對工作的成效是有幫助的。	☐	☐	☐	☐
5. 辯論與公開討論的爭執是對公司有益的。	☐	☐	☐	☐
6. 在公司裡，專業的爭論對公司的整體和諧是有影響的，而且會造成私怨。	☐	☐	☐	☐

壹拾柒、　　試問您是否同意以下的陳述？

	非常 不贊同	不贊同	贊同	非常 贊同
1. 一個人應該在同時間做不同的事。	☐	☐	☐	☐
2. 最好的方式是解決完一件事後再做另一件。	☐	☐	☐	☐
3. 員工覺得有成就感當他們已達成預計的目標（例如目標管理）。	☐	☐	☐	☐
4. 員工現在的績效的考察是由過去他在公司表現和未來的潛力。	☐	☐	☐	☐

以下的問題是在了解貴公司的人力資源管理方式。

壹拾捌、　　試問以下有關貴公司人力資源管理的角色的陳述是否很重要？

	非常 不重要	不重要	重要	非常 重要
1. 人力資源管理的角色是公司策略裡不可或缺的一環。	☐	☐	☐	☐
2. 員工有權決定他們的工作內容。	☐	☐	☐	☐
3. 績效評估是以目標管理（MBO）為基礎。	☐	☐	☐	☐

壹拾玖、　　試問您是否同意以下有關招募新人的陳述？

	非常 不贊同	不贊同	贊同	非常 贊同
1. 我比較喜歡透過關係招募新員工。	☐	☐	☐	☐
2. 透過關係而進公司的新員工，對公司較有向心力。	☐	☐	☐	☐
3. 若新進員工是透過我的關係而進公司的，他會對我較有向心力。	☐	☐	☐	☐
4. 若新進員工是透過內部員工介紹近來的，那他們兩人因此對我較有向心力。	☐	☐	☐	☐
5. 招募新員工的標準是基於他的能力而不是個性。	☐	☐	☐	☐
6. 我喜歡招募的新員工是不但有很好能力而且適合我們公司而且能和其他員工相處融洽。	☐	☐	☐	☐
7. 我喜歡招募的新員工是剛從學校畢業。	☐	☐	☐	☐

貳拾、 試問您是否同意以下有關教育訓練的陳述？

	非常 不贊同	不贊同	贊同	非常 贊同
1. 教育訓練的支出是項成本而非投資。	□	□	□	□
2. 不斷的投資在教育訓練會提升員工的知識，進而增強組織的效率。	□	□	□	□
3. 教育訓練能夠強化員工對上司的向心力。	□	□	□	□
4. 教育訓練是針對專業技術的提昇。	□	□	□	□
5. 教育訓練應由員工個人決定。	□	□	□	□

貳拾壹、 試問是否同意以下有關績效評估的陳述？

	非常 不贊同	不贊同	贊同	非常 贊同
1. 除了工作的績效評估之外，忠誠度、合群及個人特質也應該列入考核。	□	□	□	□
2. 只著重於個人式績效的報酬方式會破壞公司裡的和諧。	□	□	□	□
3. 員工有權利和主管討論他的工作成果。	□	□	□	□
4. 績效評估的結果應該用來決定訓練的需求。	□	□	□	□
5. 昇遷的標準應該明確化。	□	□	□	□

6. 昇遷應較著重於 □個人的特質。 □ 工作表現。

　　　　　　　□ 個人的特質以及工作上的表現。

貳拾貳、　　試問您是否同意以下有關報酬的陳述？

	非常 不贊同	不贊同	贊同	非常 贊同
1. 員工的薪資應該是根據個人的職等及績效。	☐	☐	☐	☐
2. 在公司中，年資較長的員工應該要比年資較淺的員工得到較高的薪水。	☐	☐	☐	☐
3. 年紀較長的員工應該比年紀較輕的員工得到較高的薪水。	☐	☐	☐	☐
4. 公司應該鼓勵員工成為股東。	☐	☐	☐	☐
5. 正職員工應比非正職員工得到較高的薪水。	☐	☐	☐	☐

6. 員工的獎勵應與

☐其個人績效相結合。☐公司整體績效相結合。

☐個人績效以及公司整體績效相結合

貳拾參、　　請問貴公司有無年終獎金？

☐ 有 ☐ 沒有

如果有，請問是依照　☐ 個人的績效。☐公司的營收。

☐ 個人的績效以及公司的營收

貳拾肆、　　請問貴公司有無工會的存在？

☐ 有 ☐ 沒有

個人資料

性別

☐ 男 ☐ 女

您的國籍

☐ 英國人　☐ 台灣人　☐ 歐洲其他國籍（請詳述）＿＿＿＿＿＿

☐ 其他 （請詳述）＿＿＿＿＿

年紀

☐ 二十到二十九歲 ☐ 三十到三十九歲 ☐ 四十到四十九歲

☐ 五十到五十九歲 ☐ 六十歲以上

請問您在台灣工作多久？

☐ 一至五年　　　☐ 六至十年　　　☐ 十一至十五年

☐ 十五至二十年　☐ 二十年以上

請問您已被外派到英國工作多久？

☐ 一至五年　　　☐ 六至十年　　☐ 十一至十五年

☐ 十五至二十年　☐ 二十年以上

請問您的教育程度及背景？

☐ 大專（請問主修什麼？）＿＿＿＿＿

☐ 研究所以上（請問主修什麼？）＿＿＿＿＿

☐ 其他（請詳述）＿＿＿＿

請問您的職稱是：＿＿＿＿＿

請問您在此公司工作多久了？＿＿＿＿

Taiwanese management survey

(Questionnaire for Taiwanese Managers)

This questionnaire is looking at the transferability of HRM practices among Taiwanese affiliates in the UK. The first part of questionnaire is looking at general approaches and then the other is looking at the HRM practices in your organisation.

Company:

1. How many employees in your company?

A.   British managers   British non-managers

B.   Taiwanese expatriates

C.   Others

2. How many full-time staffs are there in your organization?

A.   British managers: Male   Female

B.   British non-manager: Male   Female

3. How many non-full time employees are there in your organization?

A.   Male   B. Female

4. Where is your organization located?

☐ England   ☐ Wales   ☐ Scotland

5. How long have your company been established?

☐ 1-5 ☐ 6-10 ☐ 11-15 ☐ 16-20 ☐ 20+

6. Would you say there was an inner circle in your organisation?

☐ Yes ☐ No
If **yes**, who are they? (Please tick the box and it can be more than one answer)

☐ Taiwanese managers ☐ Taiwanese manager's family

☐ British managers ☐ Professionals ☐ Others (please specify)_____

7. How long have you been working in this organization? How long do you think you will continue working for this company or organisation?

☐ Two years at the most ☐ From two to five years

☐ More than five years ☐ Until I retire

8. How long will you stay in UK?

☐ 1-5 ☐ 6-10 ☐ 11-15 ☐ 16-20 ☐ 20+

9. Do you work as a team here?

☐ Yes ☐ No

10. Which kind of work organisation would you prefer?

☐ Everyone works together in a team and no one gets individual credit or reward.

☐ Everyone is allowed to work individually and individual credit can be received.

☐ Everyone works together in a team but individual credit can be received.

11. If a mistake was discovered which had been caused by the negligence of one of the members of a team, where would you see the responsibility lying?

☐ The person causing the defect by negligence is the one responsible.

☐ Because he or she happens to work in a team the responsibility should be carried by the group.

☐ The person causing the defect by negligence and the supervisor are responsible.

12. **People see their organisation in different ways. Which of these images is closest to how you see your organisation?**

☐ A market ☐ A Family ☐ A well-oiled machine

☐ A Pyramid ☐ A sports team

Please read the following accounts of four different management styles and then answer questions 6 and 7.

Manager1 usually makes his/her decisions promptly and communicates them to his/her subordinates clearly and firmly.

Manager2 usually makes his/her decisions promptly, but before going ahead, tries to explain them fully to his/her subordinates. Give them the reasons for the decisions and answers whatever questions they may have.

Manager3 usually consults with his/her subordinates before he/she reaches his/her decisions. Listens to their advice, considers it, and then announces his/her decision.

Manager4 usually calls a meeting of his/her subordinates when there is an important decision to be made. Puts the problem before the group and invites discussion. Accepts the majority viewpoint as the decision.

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13. **Which of these managers do you feel is most like yourself? (Please tick one answer only)**

☐ Manager 1 ☐ Manager 2 ☐ Manager 3 ☐ Manager 4

14. **Which one of these types of manager is your Taiwanese manager? (Please tick one answer only)**

☐ Manager 1 ☐ Manager 2 ☐ Manager 3 ☐ Manager 4

15. Please indicate your agreement or disagreement with the following statement.

	Strongly Disagree	Disagree	Agree	Strongly Agree
(1) A company's rules should not be broken even when the employee thinks it is in the company's best interests.	☐	☐	☐	☐
(2) It is important for a manager to have at hand precise answers to most of the questions that his subordinates may raise about their work	☐	☐	☐	☐
(3) If you want a competent person to do a job properly, it is often best to provide him or her with very precise instructions on how to do it.	☐	☐	☐	☐

16. To what extent do you agree or disagree with the following statements?

	Strongly Disagree	Disagree	Agree	Strongly Agree
(1) Employers should provide long-term (at least five years) employment for their workforce.	☐	☐	☐	☐
(2) Employees should work long-term (at least five years) for one company.	☐	☐	☐	☐
(3) A good personal relationship between managers and subordinates in work will get the work done efficiently.	☐	☐	☐	☐
(4) A good personal relationship between managers and subordinates outside work will get the work done efficiently.	☐	☐	☐	☐
(5) It is always a good thing to have conflicts and differences of opinion openly discussed.	☐	☐	☐	☐
(6) It is very difficult to have professional disagreements without creating personal animosity.	☐	☐	☐	☐

17. To what extend, do you agree or disagree the following statements?

	Strongly Disagree	Disagree	Agree	Strongly Agree
(1) I like to juggle several activities at the same time.	☐	☐	☐	☐
(2) I believe it is best to complete one task before beginning another.	☐	☐	☐	☐
(3) Employees will feel rewarded and fulfilled by achieving planned future goals as in MBO (Management by objective).	☐	☐	☐	☐
(4) An employee's current performance should be judged in the context of their whole history with the company and their future potential.	☐	☐	☐	☐

The following questions are centred in the practices of human resource management (HRM) in your organization and in general.

18. How important are the following aspects of the role of human resource management in your organisation?

	Very Unimportant	Unimportant	Important	Very Important
(1) HRM practices are integrated with the company's commercial strategy.	☐	☐	☐	☐
(2) Employees are empowered to make decisions about their work.	☐	☐	☐	☐
(3) Performance is measured against goal setting (Management by objectives).	☐	☐	☐	☐

19. To what extent do you agree, or disagree, with the following general statements about recruitment and selection practices?

	Strongly Disagree	Disagree	Agree	Strongly Agree
(1) I prefer to recruit someone who has been recommended by friends/ colleagues/ superiors.	☐	☐	☐	☐
(2) Recruiting someone recommended by friends/ colleagues/ superiors will result in higher commitment to the company.	☐	☐	☐	☐
(3) Recruiting someone recommended by friends/ colleagues/ superiors will result in higher commitment to me as manager.	☐	☐	☐	☐
(4) I prefer to recruit someone on the basis of his or her ability rather than personality.	☐	☐	☐	☐
(5) I prefer to recruit someone who not only can do the job but also will fit well into the organisation and get along with colleagues.	☐	☐	☐	☐
(6) I prefer to recruit employees straight from school/college.	☐	☐	☐	☐

20. To what extent do you agree, or disagree with the following statements about Training?

	Strongly Disagree	Disagree	Agree	Strongly Agree
(1) Training is a cost and not an investment.	☐	☐	☐	☐
(2) Continuous investment in training and development can raise employees' knowledge in order to enhance organisational efficiency.	☐	☐	☐	☐
(3) Employee development and long term education can enhance the commitment to the company.	☐	☐	☐	☐
(4) Training should be focused on improving technical skills.	☐	☐	☐	☐
(5) Training needs should be determined by the individual employee.	☐	☐	☐	☐

21. To what extend do you agree, or disagree, with the following general statements about performance appraisal?

	Strongly Disagree	Disagree	Agree	Strongly Agree
(1) Employees should be judged on their loyalty, co-operative spirit and personal qualities, not just on their ability to achieve high performance on their job.	☐	☐	☐	☐
(2) To reward individual performance undermines the harmony in the organisation.	☐	☐	☐	☐
(3) Employees should be able to discuss the reviews.	☐	☐	☐	☐
(4) Performance appraisal should be utilised to identify training needs.	☐	☐	☐	☐
(5) Promotion criteria should be explicit.	☐	☐	☐	☐

(6) Promotion decisions should take

☐ personal character into account ☐ performance into account.

☐ both personal character and performance into account.

22. To what extent do you agree, or disagree, with the following general statements about reward?

	Strongly Disagree	Disagree	Agree	Strongly Agree
(1) Employees should be paid within their job grade, according to individual merit.	☐	☐	☐	☐
(2) Long service employees achieve more than employees with few years of service with the company and should thus receive more pay.	☐	☐	☐	☐
(3) Older employees achieve more than younger employees and should thus receive more pay.	☐	☐	☐	☐
(4) Employees should be encouraged to become shareholders in the company.	☐	☐	☐	☐
(5) The full-time employees should get more pay than other part-time employees.	☐	☐	☐	☐

(6) An employee's rewards should focus solely on

☐ his/her individual performance.☐ the company's performance.

☐ his/her individual performance and the company's performance.

23. Do you have a bonus scheme in your organisation?

☐ Yes ☐ No

If yes, it is based on ☐ Individual performance
☐ Company performance
☐ Individual performance and company performance

24. Does this company recognise a trade union?

☐ Yes ☐ No

Personal Data

Sex
☐ Female
☐ Male

What is your nationality?

☐ British
☐ Taiwanese
☐ Other EU (please specify) ‗‗‗‗‗
☐ Other (please specify) ‗‗‗‗‗

Age	
(1) 20-29………………………☐	
(2) 30-39………………………☐	
(3) 40-49………………………☐	
(4) 50-59………………………☐	

How long have you been working in this company	in Taiwan?	**in the UK?**
1-5 years……………………..	☐	☐
6-10 years…………………	☐	☐
11-15 years…………………	☐	☐

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Which educational/vocational qualifications have you achieved or undertaking?

Achieved Currently
                 Undertaking
☐   ☐… College/University (Please give subject) ‗‗‗‗‗

☐   ☐… Postgraduate qualification (please specify) ‗‗‗‗‗

☐   ☐… Other (please specify) ‗‗‗‗‗

Please indicate your current position?‗‗‗‗‗

How long have you been working in this organisation?‗‗‗‗‗

Taiwanese management survey

UNIVERSITY OF
STIRLING

DEPARTMENT OF
MANAGEMENT AND ORGANIZATION

Questionnaire for British Managers

This questionnaire is looking at the transferability of HRM practices among Taiwanese affiliates in the UK. The first part of questionnaire is looking at general approaches and then the other is looking at the HRM practices in your organisation.

1. **Would you say there was an inner circle in your organisation?**

☐ Yes ☐ No
If **yes**, who are they? (Please tick the box and it can be more than one answer)

☐ Taiwanese managers ☐ Taiwanese manager's family

☐ British managers ☐ Professionals ☐ Others (please specify)_____

2. **Which kind of work organisation do you prefer?**

☐ Everyone works together in a team and no one gets individual credit or reward.

☐ Everyone is allowed to work individually and individual credit can be received.

☐ Everyone works together in a team but individual credit can be received.

3. **If a mistake was discovered which had been caused by the negligence of one of the members of a team, where would you see the responsibility lying?**

☐ The person causing the defect by negligence is the one responsible.

☐ Because he or she happens to work in a team the responsibility should be carried by the group.

☐ The person causing the defect by negligence and the supervisor are responsible.

4. How long do you think you will continue working for this company or organisation?

☐ Two years at the most ☐ From two to five years

☐ More than five years ☐ Until I retire

5. People see their organisation in different ways. Which of these images is closest to how you see your organisation?

☐ A market ☐ A Family ☐ A well-oiled machine

☐ A Pyramid ☐ A sports team

Please read the following accounts of four different management styles and then answer questions 6 and 7.

Manager1 usually makes his/her decisions promptly and communicates them to his/her subordinates clearly and firmly.

Manager2 usually makes his/her decisions promptly, but before going ahead, tries to explain them fully to his/her subordinates. Give them the reasons for the decisions and answers whatever questions they may have.

Manager3 usually consults with his/her subordinates before he/she reaches his/her decisions. Listens to their advice, considers it, and then announces his/her decision.

Manager4 usually calls a meeting of his/her subordinates when there is an important decision to be made. Puts the problem before the group and invites discussion. Accepts the majority viewpoint as the decision.

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6. Which of these managers do you feel is most like yourself? (Please tick one answer only)

☐ Manager 1 ☐ Manager2 ☐ Manager 3 ☐ Manager4

7. Which one of these types of manager is your Taiwanese manager? (Please tick one answer only)

☐ Manager 1 ☐ Manager 2 ☐ Manager 3 ☐ Manager 4

8. Do you work as a team here? ☐ **Yes** ☐ **No.**

9. Please indicate your agreement or disagreement with the following statement.

	Strongly Disagree	Disagree	Agree	Strongly Agree
(1) A company's rules should not be broken even when the employee thinks it is in the company's best interests.	☐	☐	☐	☐
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10. To what extent do you agree or disagree with the following statements?

	Strongly Disagree	Disagree	Agree	Strongly Agree
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(5) It is always a good thing to have conflicts and differences of	☐	☐	☐	☐

opinion openly discussed.

(6) It is very difficult to have professional disagreements without creating personal animosity.

☐ ☐ ☐ ☐

11. To what extend, do you agree or disagree the following statements?

	Strongly Disagree	Disagree	Agree	Strongly Agree
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12. How important are the following aspects of the role of human resource management in your organisation?

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18. Does this company recognise a trade union?

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Personal Data

Sex
☐ Female
☐ Male

What is your nationality?
☐ British
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Age	(1) 20-29……………………☐
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	(3) 40-49……………………☐
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How long have you been working in this company	in Taiwan?	in the UK?
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Achieved Currently
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☐   ☐… College/University (Please give subject) _____

☐   ☐… Postgraduate qualification (please specify) _____

☐   ☐… Other (please specify) _____

Please indicate your current position? _____

How long have you been working in this organisation? _____