Building shared 'people' processes to support business success with Chinese

1. Acknowledge the powerful role of cultural values in shaping people's thinking and behaviour. Accept that employees and counterparts cannot hang up their social identity, like a coat, when they arrive at work.

2. Examine the hidden cultural assumptions that are likely to be embedded in the typical (Western) people management policies and practices you may take for granted.

3. Work across the divides of national culture differences to design ways of managing people and performance that are acceptable to all parties. Focus on shared principles and then design hybrid systems.

4. Design training that takes into account the Confucian philosophy that people discipline themselves, so that only they can change their behaviour. This means that shared systems are followed only to the extent to which people believe they can benefit from them.

5. Keep your goal in mind: creating an inclusive culture where everyone can belong and can contribute. People resist (and even sabotage!) management approaches that they view in conflict with local cultural norms. Be willing to adapt and adjust.

CAN WESTERN PEOPLE MANAGEMENT WORK IN CHINA?

Organisational culture vs. national culture

This week's briefing explores a topic of pressing concern to many of our clients. Can Western ways of managing people succeed in China and with Chinese here in Australia on temporary visas? The UGM clients with these concerns are engaged in JVs, alliances, mergers, acquisitions and partnerships of one kind and another. They operate in a wide range of sectors, and they include medium sized enterprises and not-for-profits.

But they all share one thing in common. They are trying to figure out the best way to manage the 'people' side of their joint endeavour. This includes managing performance, as well as everything that goes along with building a shared culture and shared approaches to getting the job done.

In essence, the problem is this: is it possible to develop and then sustain a Western style organisational culture in the midst of significant differences in employees' national cultures? At first glance, there would seem to be a persuasive logic behind the idea that standardised HR policies and practices must surely provide a unifying force, connecting all employees to the organisation. But in practice it's often more complicated and a number of recent studies demonstrate why.

The source of the problem

Up-to-date research on Chinese contemporary culture stresses the co-existence of old and new, traditional and modern. Social upheaval, brought on by huge economic change, has paved the way for new cultural elements to emerge. For example, now there is a place for individualism and for a short term focus on materialistic advantage. Yet traditional values are not being swept aside. Social science researchers are mapping the uniquely Chinese way more traditional cultural values are coexisting with new ones. Just as Yin and Yang, the dark and the light, co-exist in a dynamic process of constant change, so it is argued the old and the new can complement, not contradict, each other.

One of these traditional ways of thinking that is finding a modern revitalisation is particularly relevant for the design of successful Chinese-Australian partnerships. It's the Confucian moral code, with its emphasis on the rule of man rather than the rule of law. This is something the current PRC Government is promoting as the basis for maintaining a 'harmonious society', Chinese style.

Several studies have examined the perceptions of Chinese employees to the HR practices transferred from their parent enterprises in the West. Researchers wanted to know if Chinese cultural values caused employees to resist Western HR practices. The short answer is 'yes'.

Managing a global talent pool and the impact of guanxi

One study, conducted by a mix of Chinese and British researchers from Coventry Business School, looked at the talent management practices in twenty-one multi-national companies. All of them had some form of job rotation to develop employees' experience and exposure to different facets of company operations. It was also seen as a way of encouraging consistency in performance. But Chinese employees saw it at odds with building a useful, trust-based *guanxi*, with both colleagues and their managers. They felt they didn't get enough time to build these all-important, personal, long term relationships. So a strategy designed to support career development was judged as career damaging.

Hierarchy and valuing seniority

It was found that Chinese paid considerable respect to seniority and the status that comes with both organisational and social rank. This cultural value outweighed their organisation's stress on equality, expressed in standardised systems, applied fairly to all. For example, managers would refuse an international role to a team member, if the manager themselves had not yet had this opportunity. When status and merit conflicted, status won.

The 'human factor'

But the most significant resistance was reserved for Western ways of managing performance. Two systems were found: the standardised written system and the actual system as practised. Chinese simply adapted and changed the process they were supposed to follow, so that it better reflected Chinese ideas about motivation and reward. Managers did their best to minimise the gap between the best and the worst in the way they rated team members' performance. It was felt that modifying actual results in this way would help to create a harmonious team and promote positive *guanxi* among colleagues. One manager called this the "Chinese Art of Leadership."

The 'track-minded' people and the 'smart' people!

Liang, a Chinese business development manager, explained that he and his senior colleagues had all received thorough training in the people management practices to be followed in their Western multi-national company. In addition, everything was captured in a written manual and well-documented. But he and his Chinese colleagues still preferred to operate in their own way. He summed it up in the following terms, "The Chinese people think over questions and always can find some smart ideas which normally are not based on rules and regulations. We always laugh at the Westerners and say that they are 'track minded'. The 'track minded' people make their plans and stick to the plans, whereas the 'smart' (Chinese) people don't always follow the rules."