

# Employees Perspectives of the Determinants of Corporate Culture in Western-based Multinational Corporations Operating in China

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## Abstract

The culturally diverse workforce in Multinational companies (MNC) makes it challenging to maintain a unified vision of the corporate management culture across all the MNC's subsidiaries. This study examined the determinants of the corporate culture of Western-based MNC in China as well as reviewed the perspectives of Chinese and Foreign employees regarding their level of adaptation to the corporate management culture within the MNC. Five determinants of corporate management culture for MNCs were identified. These include workplace-related elements, corporate image, and strategy, vision and values, development and rewards, as well as community and task accomplishment. The results also show that similarities and differences exist between Chinese and foreign staff's level of adaptation to the corporate culture in the same MNC operating in China. It is concluded that even within the same MNC, Chinese nationals and foreign nationals interpret the corporate culture differently, and also foreign nationals find it harder to adapt than do Chinese nationals.

**Keywords:** Western-based companies, corporate culture, cross-cultural management, and multinationals.

## 1. Introduction

Internationalization has become a strategy for organizations and enterprises to become globalized, build competitive advantage and edge as well as strengthen their core competencies to remain relevant and grow continuously in the contemporary business landscape (Petersens and Ibsen 2013, Porter 1998). More so, internationalization has become an important strategy used by corporations to build businesses and enterprises that transcends local borders and extend into conglomerates both in developed and developing nations. With internationalization as a strategy, local businesses and enterprises have been able to build and maintain rapid economic growth.

For companies to build an optimal competitive advantage, innovative strategies are being adopted and applied to transform these companies into top performers within their respective industries. Some companies focus on adopting strategies that improve quality while reducing costs and maintaining a harmonious relationship with employees at the same time. For instance, the Post-Fordist pattern for employment offers a more flexible and innovative way to meet challenges by providing several customized products (Piore and Sabel 1986).

In the twenty-first century, "companies who are going to thrive are those who adopt and apply a range of internationalization strategies to their businesses as the prevailing tides of capital, labor, and information turns and shapes the world, with a growing disregard for the borders and the opinions of states" (Harari 2014, 232). Hence, a company's international strategy can be examined from three distinct aspects: through the nations' economic systems which it is operating from (Porter, 1990), the national culture of the countries it operates from (Trompenaars and Prud'Homme 2004, Minkov and Hofstede 2011), and through the political systems of its host countries (Caramani 2008).

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Therefore, integrating innovative strategies that appeal to the economic needs, cultural dispositions, and political systems of consumers within nations may be one of the practical approaches for companies to become globalized.

A productive internationalization strategy may begin with adopting effective management strategies and industrial relation processes that are integrated within multinational companies (MNCs) for managing the diversity of employees that are present in cross-cultural work settings (Sanden and Kankaanranta 2018). The issue is that there exist some barriers in the corporate management structure of MNCs that limits some of the development and growth aspects of these MNCs. The resulting recruitment of high-end talents from across the world into MNCs have contributed to enormous cultural diversity which offers compensatory benefits to these MNCs but at the same time brings about a complex and diversified workplace climate, due to differences in language and culture resulting in divergent views of the corporate culture held by different groups within the MNC (Xiaoqiong and Jing 2013, Cheung Matthew Sung 2013, Patel 2014). Evidently, among the critical issues in this regard are cultural diversity and language barriers (Feng and Mu 2010, Li and Kleiner 2001, Niñerola, Sánchez-Rebull, and Hernandez-Lara 2017, Rozkwitalska 2014).

China has evolved into a nation with a complex economic system due to its emerging economies of scale. This evolution has led to multinationals creating subsidiaries in China majorly to explore the available resources -i.e., cheap labor in efforts to maximize and optimize value. In an era where the number of multinational companies is rising, having a corporate cultural identity has become essential for MNCs to maintain and manage the diversity in their workforce. Multinational companies strive to convey their corporate culture globally to promote shared values and beliefs among their workforce. However, the question becomes, is it possible to uphold a shared corporate cultural identity across the organization's base of operations? Does a diverse workforce account for variations in the cultural identity of corporations, reflected in how the employees perceive the values, beliefs, and assumptions of the organization? Salzer (1994) argues that when markets become homogenized, national identities become blurred, and social networks replace traditional territories. Furthermore, Schwartz (1999) "opines that national borders do not necessarily delimit borders of societal cultures and that cultures can move beyond national borders." Therefore, the thesis of

this paper is to explore answers to the questions raised above.

Conversely, some researchers claim that when businesses become multinational, the interest for local belonging becomes increased. Diverse groups develop different belief systems, and therefore Martin (1992) states that corporate cultures in multinational companies are multicultural rather than unicultural. Hence, multinational corporations build tools and strategies to overcome this global separation by inventing a common "language" and sometimes "dominant culture" to promote collaboration among their employees globally (Scheffknecht 2011). One such device used by MNCs is the concept of supra-identity, which was designed to offset national cultures (Salzer, 1994). Salzer (1994) explains that "the idea of a supra-identity is the idea that an organization can transcend the differences of diverse local cultures and move beyond borders. It is the idea of sharing a common identity that will hold the company together and give it a consistent image, regardless of where you find the company. It is the idea of creating a sense of sharing and togetherness that would unify people in the global company". The study, therefore, addresses the following questions

1. What are the determinants of the corporate management culture in a Western-based MNC in China?
2. What are Chinese and foreign staffs' perspectives regarding the corporate culture of a Western-based MNCs in China?

## 2. Literature Review

The review of related studies will be discussed under the following headings;

### 2.1 Culture and Corporate Culture

Culture has become an integral part of all human societies. With the dawn of globalization, culture has taken on a broader meaning and has evolved into an essential dimension for organizations (Browaeyns and Price 2008). Culture, in its most straightforward depiction, is described as the way of life of a group of people (Foster 1962). Hofstede (2011, 1) defines culture "as the collective programming of the mind that distinguishes members of a group or category from others." Similarly, Mullakhmetov et al. (2018) describe culture as a set parameter of collectives that distinguishes the collectives from each other in meaningful ways. Furthermore, Bik (2010) summarized culture as (i) a set of values, beliefs, behaviors, and attitudes which (ii) is shared, transmitted over time within a collective, and (iii)

that makes the collective unique and distinguishes that collective from other groups.

Organizations utilize culture as a management tool to hold the organization together (Petersens and Ibsen 2013). This tool, which is often referred to as corporate culture (Kampf et al., 2017), is primarily focused on developing and sharing values that local and global companies use to achieve a common goal. Put succinctly, corporate culture, according to Schneider and Barsoux (2003), as cited in Petersens and Ibsen (2013, 8) "is the glue that binds geographically dispersed units together." Browaeys and Price (2008) explain that when a company develops into a multinational conglomerate, the culture of its headquarters may influence those of its subsidiaries abroad. Similarly, they stressed that a firm in a joint venture with another firm abroad might well find that the presence of its "foreign" partners influences the underlying culture of the firm, indicating that the corporate culture of a company can be either the "original" organizational culture of the firm or the national/regional culture or a combination of both. The extent of the exerted influence on a company's corporate culture is debated among experts in the field. Some experts regard a well-defined corporate culture as the major determinant of a multinational company's success.

In contrast, others argue that a flexible corporate culture is instrumental to a company's success as it can adapt and respond effectively to the local/national environment (Browaeys and Price 2008, Fiske 2010). Hofstede and Minkov (2010) explain that the corporate culture of a multinational company can be taught and learned and that it evolves over time depending on how people within the company interpret and transmit the values upheld within such company. The corporate culture of the company is not a product of the organization itself; instead, it is the total of the social interactions between the members of the organization. Hence, the real challenge is developing and maintaining a corporate culture that can adapt and respond effectively to local, national, and multinational business environments. Therefore, an understanding of the determinants of corporate culture becomes imperative and crucial.

## 2.2 Determinants of Corporate Culture

According to Li et al (2018), in diversified corporations, each business with a distinctive strategy requires a unique culture. Some aspects of this culture are influenced by the strategic leadership and behaviors of managers. Hence the managers of these corporations must not only

tolerate but must also encourage an appropriate level of corporate heterogeneity'. Hofstede (2011) showed that significant differences in national cultures influence cultural differences within multinational corporations. These authors argued that organizational culture should not only be defined as common corporate shared values but should also reflect a mix of its professional and business level cultures.

Managers can influence some of the determinants of the culture of their organization through their decisions and behavior: the company's history and strategy (Johnson 1987), the management practices (Othman et al., 2020), the symbols (Pettigrew 1979). But some determinants (i.e., the elements of the context of the company) are much harder to change: such as the professional cultures (Pinget al., 2019), industrial culture (Gordon and Cummins 1979), and macro-culture (Hofstede 2001). In multinationals corporations, there are essential contingencies, which influence the culture of such corporations and their subsidiaries. According to Calori and Sarnin (1991), these contingencies include;

- The diversity of the business portfolio which may influence the company's corporate culture. Diversity of business portfolio in this context defines the business as a single business, related businesses, and unrelated businesses.
- The national culture of the country where the company is established may also exert an influence.
- The competitive characteristics of the industry wherein the company is involved also exert some level of influence on the corporate culture of an organization.
- Lastly, the generic competitive strategy of the company in each business, which it operates, also exerts some influence on the corporate culture of an organization.

Having examined some of the determinants of corporate culture by Calori and Sarnin (1991), it will be interesting to ascertain if the corporate cultures of some western-based MNC operating in China in the 21<sup>st</sup> century still reflect some of these factors, especially when viewed from the perspective of employees and managers in such MNC. The next section discusses the level of corporate culture.

## 2.3 Levels of Corporate Culture

There are distinct levels of corporate culture, according to (Browaeys and Price 2008) and (van et al., 2019). Schein (2013) in his organizational culture model proposed these three levels of corporate culture and stressed that corporate

culture operates on the premise that a group of people share some basic assumptions about how the world is and how it ought to be, which in turn determines their thoughts, perceptions, feelings and overt behavior. The three levels of corporate culture include artifacts, norms and values, and basic underlying assumptions.

#### **A. Artifacts**

Artifacts reflect the visible organizational structures, processes, and objects that lie within the surface of the organization but are difficult to decode. Browaeys and Price (2008) describe this level as observable and tangible. Similarly, Petersens and Ibsen (2013) explain that artifacts can be concrete physical objects, text, expressions, and behaviors. These visible elements include; logos, architecture, corporate clothing, rituals, making contacts, contracts, language, and so on. They serve four distinct basic functions in both national and multinational organizations; (i) they mirror the organizational culture (ii) they influence thinking and behavior of the organization's employees (iii) enable employees to share experiences and (iv) clarify what the organization stands for.

#### **B. Espoused Values and Norms**

These concerns, standards, values, and rules of conduct, which the organizations have adapted as justifications. The exposed values and norms are the goals, strategies, and philosophies that the company expresses and has made public that represent the company's image and corporate orientation. Specifically, the norms constitute statements of facts about the way things are. They are the cultural rules of how things are and explain what is happening at level one and determine what is right or wrong. Values, on the other hand, have to do with the general preferences of what is good or bad as well as how things should be (Browaeys and Price 2008). Petersens and Ibsen (2013) also stated values include the unwritten rules and norms that are created within social groups in the organization. People are expected to follow these norms when dealing with uncertain situations that result from social interactions within the company. In multinational company contexts, sometimes issues often arise when employee's ideas do not conform to the basic assumptions of the organization.

#### **C. Basic underlying assumptions**

This represents the deepest of the three levels of corporate culture. The basic underlying assumptions are unconsciously overlooked thoughts, feelings, perceptions, and beliefs. They represent the fundamental elements of culture and

are therefore held as truths by members of the organization. Petersens and Ibsen (2013) opine that the basic underlying assumptions are developed within social processes. As a result, when a person enters an already existing social system as in an organizational setting, their underlying basic assumptions are naturally transferred. The basic underlying assumptions constitute the foundations of corporate culture in an organization and are both invisible and unobservable. In a multinational corporate context, where members of diverse cultural settings interact, there tends to be a question of whether a unified corporate culture can stand given the intricacies associated with individual basic assumptions from employees and those established norms and values of the organization. The corporate culture of an organization is one that is defined by the basic underlying assumptions of people resulting from social interactions within the organization, which in turn creates different espoused values and norms, which are then further reflected in the artifacts of the organization.

#### **2.4 The Cultural Environment of Multinational companies**

It is particularly important to understand the nature of multinational business environments and the role the structures within the multinational business environments play in defining the corporate culture of an organization. Miroshnik (2002) explains that the multinational business environment is the total world environment. It is also the total of the environment of every nation in which the organization operates. Furthermore, Miroshnik (2002) explains that the environment within each nation is composed of four elements, namely: legal, cultural, economic, and political environment. Given the researchers focus on ascertaining the determinants of corporate management culture of Western-based companies in China, the cultural environment is further discussed.

All the various elements (i.e., economic, legal, physical, and political environment) of multinational businesses are no doubt important and critical components that affect corporate management structures. The cultural environment (i.e., the values, ideologies, communications, religions, and so on) has equally particular importance in multinational business landscapes. Sherman, Bohlander, and Snell (1995) as cited in (Miroshnik 2002, 524) stressed that "culture is an integrated phenomenon and by recognizing and accommodating taboos, rituals, attitudes towards

time, social stratification, kinship systems, and several other components, managers would be able to pave the way towards greater harmony and achievement in the countries in which a multinational business operates." The complexity of different cultural environments requires different managerial behaviors. The strategies, structures, and technologies that are appropriate in one cultural setting may lead to failure in another. Hence, managing the relations between multicultural organizations and the cultural environment is thus a matter of accurate perception, diagnosis, and appropriate adaptation. Hence, further necessitating the need to ascertain the determinants of corporate management culture in Western-based companies in China.

### 3. Methodology

#### 3.1 Research design

In this study, a cross-sectional research design was used. Creswell (2012) describes a cross-sectional survey research design as one that is used when the researcher intends to collect data from respondents at one point in time. Creswell (2012) also notes "that survey research designs are quantitative research procedures in which the investigator administers a survey to a sample or an entire population of people to describe the attitudes, opinions, behaviors, and characteristics of the population. Similarly, "a survey is described as any activity that collects information in an organized and methodological manner about the characteristics of interest to the researcher, from some or all units of the population using well-defined concepts, methods, and procedures, and compiles such information into a useful summary form ( Lin et al., 2020)." The researcher adopted a survey design for the study because it provided a means to determine respondents' perspectives regarding their level of adaptation to the various aspects of the corporate management culture adopted in Western- MNCs in China as well as examine the determinants of the corporate management cultures in Western- MNCs in China.

#### 3.2 Population and Sample

The sample of the study was drawn from two population groups, i.e., Corporate managers consisting of directors, high and middle-level managers from Anglo Saxon Based companies in China. The second population group was employees of Western-based companies in China. To obtain a suitable sample for the study given the limitations of time and cost available to the researcher, a random sample was estimated from the total

number of employees in the MNCs selected from the three regions in China. To obtain a sufficient amount of data to help explain the thesis of the study, about two thousand questionnaires were distributed to respondents in MNCs from three regions in China consisting of the Beijing-Tianjin Economic Zone in the North of China, the Shanghai Yangtze Economic Delta in the Eastern part of China, and the Pearl River Delta in the South of China. A total of two hundred and eighteen (218) responses were retrieved, of which two hundred and sixteen (216) were usable.

#### 3.3 Instrumentation

The instrument for data collection was a researcher designed questionnaire consisting of three parts. Part A sought the respondent's demographic characteristics. At the same time, Part B contained an open-ended question that sought respondents' views regarding the important elements that constitute the corporate management cultures of their respective MNCs. Part C was structured on a five-point Likert scale and sought both Chinese and Foreign staff's perspectives regarding the corporate management culture adopted in Western-based MNCs in China.

#### 3.4 Data Analysis

Data were analyzed using both descriptive and inferential statistics. Specifically, the descriptive statistic was used to summarize and report the demographic characteristics of respondents as well as report the respondent's level of adaptation to the corporate management culture in Western-based MNCs in China. The Mean was used to summarize respondents' perspectives regarding their level of adaptation to the corporate culture of Western-based MNCs in China. To facilitate ease and clarity in the interpretation of data, a threshold mean value was estimated and used to ascertain two categories for their level of adaptation. Since a five-point Likert scale was used, the threshold was estimated thus: (Highest point on the scale - the lowest point on Scale/Number of levels)

Therefore, the threshold Mean point becomes  $(5 - 1)/2 = 2.00$

Hence, mean values ranging from 1.00 -3.00 were considered a low level of adaptation to the corporate cultures in the MNC. In contrast, mean values ranging from 3.01-5.00 were categorized as having a higher level of adaptation to the corporate cultures in the MNCs. Inferential statistics, particularly the exploratory factor analysis, was used also used to ascertain the dimensions and

determinants of corporate management culture of Western-based MNCs in China from respondents' perspectives. The Statistical Package for Social Sciences version 22 was used to facilitate the analysis of quantitative data. In contrast, content analysis was used to analyze textual data emanating from the open-ended questions in the survey.

#### 4. Results

This section presents the results of the study. First, the demographic profile of respondents is presented, after which findings on each research questions are presented and discussed.

#### 4.1 Demographic profile of respondents

Respondents (i.e., managers and employees) were asked specific questions to obtain certain demographic characteristics such as their gender and nationality. Table 1 shows the demographic profile of respondents. Data analyzed revealed that 46.5% and 54.9% of Chinese and foreign staffs respectively were males, while 53.5% and 45.1% of Chinese and foreign staffs respectively were females. Similarly, the nationality of both Chinese and foreign staffs were obtained. Findings show that ten countries were represented in the sample of Western-based employees in MNCs in China.

Table 1. Demographic Profile of Respondents

SN	Demographic Characteristics	Frequency		Percentage Distribution	
		Chinese Staffs	Foreign Staffs	Chinese Staff	Foreign Staff
1	<i>Gender</i>				
	Male	53	56	46.5%	54.9%
	Female	61	46	53.5%	45.1%
	Total	114	102	100%	100%
2	<i>Nationality</i>				
	America	-	36	-	35.3
	Australia	-	12	-	11.8
	United Kindom	-	26	-	25.5
	Canada	-	11	-	10.8
	Netherlands	-	1	-	1.0
	Germany	-	1	-	1.0
	Ireland	-	4	-	3.9
	New Zealand	-	10	-	9.8
	Norway	-	1	-	1.0
	China	114	-	100%	-
	Total	114	102	100%	100%

Of the ten countries represented in the sample, Chinese employees were a total of 114. Among the foreign countries represented in the employees sampled for the study, American employees were a total of 36, followed by the United Kingdom, which had a total of 26 employees represented in the study. A total of 102 foreign staff participated in the study.

The researchers also sought managers' perspectives regarding the important elements that constitute the corporate management cultures of Western-based MNCs in China. Responses to the open-ended questions were thematically analyzed. A total of twenty (20) determinants of corporate management cultures were identified, they include Administrative decisions, Clear vision, and mission, Transparency, Mutual respect, Elements of fun,

Strong communications, Collective interest, Adoption of innovative methods, Clear defined company rules, Social interactions, Workplace Activities. Effective mentoring, Meaningfulness of Work, Community relationship. Integration of core values, People, A business environment that promotes interaction, Recognizing individual and team efforts, learning and development, consistency in practices. Principal Components Analysis (PCA) was used to extract the required number of components for the identified determinants of corporate management culture of Western-based MNCs in China. All the assumptions and conditions for computing the PCA were met. Table 2 shows the factor loadings for each item and the Cronbach alpha values for each of the five components extracted.

**Table 2. Components derived from Principal Component factor Analysis of the determinants of Corporate Management Culture (n=216)**

Scale items	Factor Loadings					Alpha value
	1	2	3	4	5	
A Business environment that promotes interaction	.675					.765
Mutual Respect	.652					
Transparency	.645					
Elements of fun	-.583					
People	.555					
Collective Interest		.748				.757
Adept to Company rules		.715				
Strong Communications		.671				
Meaningfulness of Work		.534				
Effective mentoring		.448				
Integration of core values			.940			.834
Clear vision and mission			.939			
Learning and development				.651		.772
Consistency in practices				.633		
Recognizing individual and team efforts				.573		
Adoption of innovative methods					.749	
Community relationship					.676	
Workplace Activities					.603	.851
Administrative Decisions					.554	
Eigen value	2.81	2.68	2.34	2.30	1/97	
% of variance	14.04	13.4	11.7	11.5	9.86	
		0	1	0		

Note: loadings <.40 are omitted

Table 3 shows the means and standard deviation for each extracted component. The mean values for each determinant of corporate management culture identified ranged from 4.1 to 4.17. The high mean scores obtained indicate that

these determinants are important factors affecting the corporate management culture of Western-based MNCs in China. Each identified determinant will be further discussed and used as a basis for the analysis of the survey data in Table 4.

**Table 3. Composite score for the determinants of Corporate management Culture in Western- Based MNCs in China (n=216)**

Component	No of items	Mean	Standard deviation
1 Workplace related elements	5	4.31	0.27
2 Corporate image and strategy	5	4.22	0.26
3 Vision and values	2	4.47	0.33
4 Development and rewards	3	4.13	0.28
5 Community and Task accomplishment	4	4.29	0.29

The study also sought to determine the perspectives of Chinese and Foreign staffs regarding their level of adaptation to the corporate cultures of the respective Western-based MNC in China. Table 4 shows a summary of the analysis. Survey questions designed to elicit data from respondents regarding their level of adaptation to the corporate cultures were categorized and

matched with the identified determinants of corporate culture, as shown in Table 3. A threshold mean value was estimated, as discussed in the methodology section of this paper. Hence, Table 4 shows an overview of Chinese and Foreign Staff perspectives regarding their level of adaption to the corporate cultures in Western-based MNCs in China. Figure 1, on the other hand, clearly shows

where Chinese and Foreign staff's perspectives converge and diverge regarding their level of

adaptation to the corporate cultures in their MNCs.

**Table 4. Chinese and Foreigns Staff's perspectives regarding their level of adaptation to the corporate culture in Western-based MNCs.**

Items	Chinese Staffs	Remarks	Foreign staffs	Remarks
<b>Corporate image and strategy</b>				
Compared with foreign-owned enterprises, native Chinese enterprises have more efficient management systems and communication.	3.92	Agree	2.49	Disagree
Individualism is advocated more than collectivism.	3.52	Agree	3.43	Agree
<b>Workplace related elements</b>				
Chinese native companies have a better working environment than foreign-owned companies.	2.95	Disagree	2.69	Disagree
Your company has provided employees with a sound working environment and promotion opportunities.	3.7	Agree	4.11	Agree
<b>Community and Task accomplishment</b>				
Adaptation to the working environment in China is not difficult.	3.99	Agree	3.16	Agree
Chinese employees advocate mutual cooperation and trust between people more than foreign workers.	3.68	Agree	3.18	Agree
<b>Vision and values</b>				
The enterprise culture of this company is not very different from similar companies in foreign countries.	2.4	Disagree	2.65	Disagree
There is a marked difference between a foreign employee's values and perceptions from Chinese employees.	3.18	Agree	4.01	Agree
<b>Development and rewards</b>				
Chinese employees favor clear authority structures in a company.	3.61	Agree	3.90	Agree
Chinese employees prefer detailed instructions.	3.41	Agree	3.84	Agree

The results in Table 4 show that both Chinese and Foreign staff have similar views regarding the survey questions relating to three determinants of corporate management culture. Respondents were required to respond to two questions in the "workplace-related element" category-- "Native Chinese companies have a better working environment than foreign-owned companies." The average mean for both Chinese and foreign staffs regarding this question was 2.95 and 2.69, respectively, implying that the Chinese Staff does not perceive their working environment as being better than those in foreign-based MNCs. In contrast, foreign staffs also do not perceive that native Chinese companies have a better working environment than foreign-owned companies. The result simply implies that both Chinese and foreign

staffs believe the work environment of foreign-owned companies to be considerably better than their Chinese counterparts.

Similarly, respondents were also asked, "Your company has provided employees with a sound working environment and promotion opportunities." The mean responses for Chinese and foreign staffs to the question above were 3.70 and 4.11 respectively, indicating that both Chinese and Foreign staffs believed that they were provided with sound working environment and promotion opportunities irrespective of their cultural heritage or designation. Figure I clearly show an overview of the result on a bar chart.

In the Community and Task accomplishment category, respondents were also asked to respond to the following "Adaptation to the working



environment in China is not difficult” and “Chinese employees advocate mutual cooperation and trust between people more than foreign workers.” Both questions under this category recorded mean values greater than the threshold mean value of 3.00 for Chinese and Foreign staffs, implying that both Chinese and Foreign Staffs perceive that adapting to the work environment in China was not difficult as well as perceiving that Chinese employees advocate mutual cooperation and trust between people more than foreign workers (see Table 4 and Figure 1 for an enumeration of the analysis). Similarly, in the “Development and Reward Category,” respondents were asked to rate whether “Chinese employees favored clear

authority structures in the company.” Results shown in Table IV and Figure 1 reveal that Chinese (mean response =3.61) and Foreign staffs (mean response = 3.90) agree that this was the case, implying that Chinese staffs were known to prefer clear authority structures reflected in the corporate culture and practices of their companies. Also, in the “Development and Rewards category,” respondents were asked whether “Chinese employees preferred detailed instructions,” results shown in Table 4 and Figure 1 reveals that both Chinese (mean response =3.41) and Foreign staffs (mean response =3.84) agree that Chinese employees preferred stipulated and detailed instructions for work.

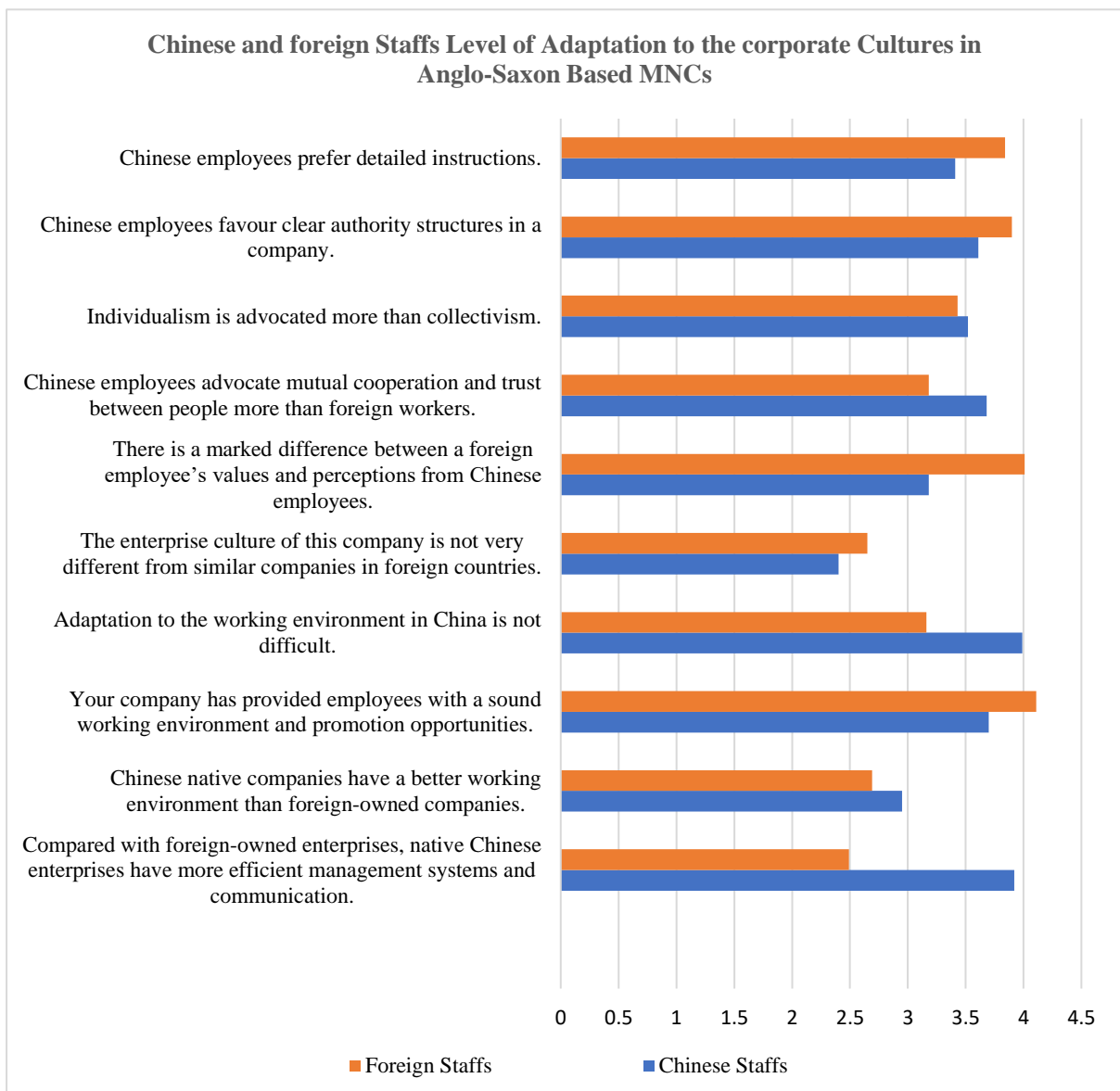


Figure 1. A Bar Chart showing the Mean response of Chinese and Foreign Staffs Regarding their level of Adaptation to the corporate cultures in the MNCs in China

Furthermore, in the “corporate image and strategy,” category respondents had diverging views regarding the questions asked. Chinese employees (mean response = 3.92) believed Chinese enterprises have more efficient management systems and communication than foreign-based enterprises. In contrast, foreign staffs (mean response = 2.49) opposed these views, as they also do not agree that MNCs in China had more efficient management systems and communication than foreign-based MNC. The results, therefore, imply that both Chinese and foreign staffs perceive their management systems and communication of their respective MNCs as being more efficient than the other. Table IV and Figure, I show the result of the analysis. Similarly, in this category, respondents were also asked to rate if individualism was more advocated for than collectivism in western-based MNCs in China. Results from the analysis revealed that both Chinese and Foreign staffs perceive that the western-based MNCs in China promoted the culture of individualism more than collectivism.

Regarding the “vision and values” category, respondents were asked to respond to the following “the enterprise culture of this company is not very different from similar companies in foreign countries.” For this question, Chinese (mean response = 2.40) and Foreign staffs (mean response = 2.65) reached a consensus that the enterprise culture of their western-based MNC was somewhat different from similar companies in foreign countries. This implies that Chinese and foreign staffs both perceive that the enterprise culture of western-based MNCs operating in China was very different from similar MNCs operating in foreign countries. On the other hand, respondents were also asked under the “Vision and Values” category, whether “there is a marked difference between a foreign employee’s values and perceptions from Chinese employees.” Results from the data analysis and chart in Table IV and Figure I respectively reveal that Chinese and Foreign staffs perceive their values as different from the other group. This hence, implies that Chinese and foreign staffs have different values irrespective of being bounded by the corporate culture of their western-based MNC. The next section hence discusses the results in tandem with reviewed literature.

## 5. Discussions

This section discusses the results of the study in line with the two central questions on the thesis of this study. Thus, findings will be discussed under two headings:

### 5.1 Determinants of the Corporate Management Culture of Western- Based Companies in China

The first objective of the study sought to ascertain the determinants of the corporate culture of Western-based MNCs in China from the perspectives of Chinese and foreign employees within the MNCs. Findings from the qualitative data analysis using the principal component analysis revealed five determinants of the corporate culture. These determinants are discussed below:

#### 5.1.1 Workplace related elements

Managers in this study identified the workplace-related elements as determinants of the corporate management culture in MNCs as that which constitutes a business environment that promotes interaction, mutual respect, transparency, elements of fun, and people. A high degree of interaction between employees within the same organization foster a shared and mutual understanding of the company’s core values and vision. Similarly, when employees have mutual respect within the organization, irrespective of the differences in their cultural orientation and perception, they tend to reflect a corporate culture that consolidates the belief and practices that becomes apparent within such organizations. Organizations with a transparency culture and high regard for people does well in promoting shared values and beliefs, which is translated in the culture held by most of its employees. These cumulatively reflect the cultural values and dispositions held in such organizations. Coleman, Gulati, and Segovia (2012) stressed that the benefits of a strong corporate culture is both intuitive and supported by social science, as it accounts for about 20-30% of the differentials in corporate performance when compared to organizations without a strong corporate culture. Workplace related elements in this content constitute the capacity of organizations to foster a healthy business environment that enables social interaction, as well as the recruitment of people who understand the organization as well as what it stands for. Furthermore, developing a culture of mutual respect from managers and employees alike contribute to the development of a strong corporate culture as well as infusing elements of transparency and fun at work.

#### 5.1.2 Corporate image and strategy

The corporate image and strategy as determinants of a strong corporate culture is one that constitutes features such as collective interest

at work, adapting to company rules, strong communication, and understanding of the meaningfulness of the type of work done at the organization as well as effective mentoring. Developing a sense of a shared corporate image and strategy within the organization is one aspect of a strong corporate culture. When there is a collective interest in the kind of work done in an organization, this tends to reflect in the way employees perceive and interpret the beliefs, assumptions, and values held in such organizations.

### 5.1.3 Vision and values

Clearly stated vision and mission statements, as well as the identification and integration of core values of an organization, are important factors necessary for developing a strong corporate management culture. Clearly defined vision and mission communicate to employees what is expected in the organization as well as how business should be conducted within the organization. The core values, on the other hand, go beyond an organization's slogan to the corporate principle that guides decision making and promotes values and behavior that are woven seamlessly into the organization (Coleman, Gulati, and Segovia 2012, Spiegelman 2012)

### 5.1.4 Development and rewards

This dimension of a strong corporate management culture is one that emphasizes the organization's commitment to learning and development, consistency in workplace practices and culture, as well as the recognition of individual and team efforts within the organization. This component is congruent with the corporate management factors identified by (Khan and Panarina 2017). Integrating these elements into the workplace develop a strong corporate management culture within MNCs.

### 5.1.5 Community and Task accomplishment.

This determinant of corporate management culture is centered on developing healthy community relationships, adopting innovative strategies to solving problems and accomplishing tasks, making swift and inventful corporate management decisions as well as developing workplace activities that are both exciting and stimulating for employees. Coleman, Gulati, and Segovia (2012) argue that these elements are critical to developing a strong corporate culture as they foster a stimulating workplace that transcends into long-lasting community relations between the local community and employees of the

organization. This component also aligns with what (Schein 2013) refers to as the basic underlying assumptions that develop when certain practices and activities are integrated into the organization that is now evident as beliefs and norms in the corporate culture of the organization.

These identified determinants of corporate management culture are reflective of managers' and employees' perspectives of the important elements that enable organizations to thrive in multicultural settings. They help to close the gaps in the variations and interpretations of values and beliefs held by employees from a culturally diverse workforce. Calori and Sarnin (1991) explain that the corporate cultures of multinational organizations are determined by their business portfolio, the national culture of the country where the company, the competitive strategy of the organization as well as managerial behavior. The identified determinants of corporate management culture from this study, at the very least, reflect the competitive strategy and managerial behavior elements highlighted by (Calori and Sarnin 1991). The company's approach to defining clear vision and values as well as a penchant for rewarding high performers and building healthy employee relationships is akin to their competitive strategy, which may have been influenced by the management of the organization. Furthermore, these factors may be not only akin to MNCs in China but also to other Western corporations, because, they are insights from managers who may have had experienced the working conditions in the MNCs domiciled in China as well as in Western countries.

## 5.2 Chinese and Foreign Staffs' level of adaptation to corporate cultures in Western-based MNCs operating in China

The study at this stage sought to ascertain Chinese and Foreign staff's perspectives regarding their level of adaptation to the corporate cultures in Western-based MNCs operating in China. Findings from the study revealed that some differences exist between Chinese and Foreign Staff's level of adaptation to the corporate cultures of MNCs operating in China. For instance, findings from the study revealed that in terms of the work environment, both Chinese and foreign staffs believe the work environment of MNCs operating in foreign territories were considerably better than their Chinese counterparts. This is particularly interesting because it reveals that employees from the same MNC who have either had the privilege to experience working in Chinese workplaces and foreign workplaces under the same MNC believe

that the foreign workplaces of their MNCs to be better. This reflects some level of disparity in the corporate cultures of the MNC operating in different territories.

Similarly, in terms of the provision of a sound working environment and opportunities for promotion, both Chinese and Foreign staffs believe that they were provided with a sound working environment and promotion opportunities irrespective of their cultural heritage or designation. Furthermore, findings also revealed that Chinese and Foreign staffs perceive that adapting to the work environment in China was not difficult. In contrast, Chinese employees advocated for more mutual cooperation and trust between people than foreign workers do. This reflects a variation in values and practices that are important to both Chinese and foreign staffs working in the same MNCs in China.

Findings also revealed that Chinese staffs believed MNCs operating in China had more efficient management systems than their foreign counterparts. In contrast, foreign staffs believed that MNCs operating in a foreign country had more efficient management systems than those operating in China. Furthermore, findings from the study also revealed some similarities in the perception of both Chinese and Foreign staffs, as they perceived that the western-based MNC in China promoted the culture of individualism more than collectivism. This culture of individualism may have resulted from the competitive climate within the MNC, where opportunities and rewards are given more to those who perform exceptionally. Similarly, Chinese and Foreign staffs also agree that the enterprise culture of MNCs in China was different from those of similar companies operating in foreign territories. Chinese and foreign staffs also perceived that variations exist between the values of Chinese and foreign staffs in the MNC operating in China.

These similarities and variations in the level of cultural adaptation between Chinese and foreign staffs may have originated from differences in national culture between the two groups. Hofstede (2001) explains that most managers believe that the culture of an organization moderates or erases the influence of national culture. They assume that employees working for the same organization are more similar than different. Furthermore, Hofstede (2001) explains that most managers believe that national differences are only important with foreign clients, not with colleagues from within the same organization. Hofstede, therefore, stated that the corporate culture of MNC does not diminish the

national cultures of employees. In fact, employees and managers do bring their ethnicity to the workplace. These variations in the perceptions of the corporate culture of MNCs by Chinese and Foreign staffs are consistent with the findings of Hofstede (2001). Likewise, Laurent (1983) found striking cultural differences within a single MNC and reported in his study that national culture explained 50 percent of the differences in employees' attitudes and behaviors. National culture explained more of the difference than did the professional role, age, gender, or race. Laurent (1983) concluded that cultural differences were found to be more pronounced among foreign employees working within the same multinational organization than among employees working for organizations in their native lands.

Interestingly, Petersens and Ibsen (2013) also carried a study to identify the potential differences of the corporate culture in a multinational company by comparing its Swedish and Turkish organizations. They found that members of the two organizations interpret the corporate cultures differently, although some cultural elements were similar. However, Petersens and Ibsen (2013) concluded that because different cultural groups experience "different things" and "the same things" differently, it was impossible to obtain a unified vision of the corporate culture in MNCs from all employees. It would be interesting to explore in future studies how cultural adaptations in MNCs is influenced among employees from different origins in such MNCs by factors such as the management practices of MNC as well as the cultural orientation of employees within such MNCs.

## 6. Conclusions

The study investigated the determinants of corporate management culture by examining the perspectives of Chinese and foreign staffs with a western-based MNC in China. The study also examined the perspectives of Chinese and foreign staff regarding their level of adaptation to the corporate culture in the MNC operating in China. Five determinants of corporate culture were reported in the study, which includes: workplace-related elements, corporate image, and strategy, vision and values, development, and rewards as well as community and task accomplishment. These determinants reflect the perspectives of employees and managers regarding the elements that influence the corporate cultures of multinational companies operating in China. Findings from the study also revealed some similarities and differences between Chinese and

foreign staffs regarding their adaptation to the corporate culture in the same MNC operating in China. We hence conclude that even within the same MNC, Chinese nationals and foreign nationals interpret the corporate culture differently and that foreign nationals find it harder to adapt than do Chinese nationals, which may be the result of several factors such as their cultural orientation, age, gender or race. The authors acknowledge that the findings of this study are delimited to the MNC in China, which constituted the sample for this study. As other MNCs may not share similar characteristics to the one in this study. It is therefore recommended that a future study could explore how cultural adaptations in MNCs are influenced by factors such as the leadership and management practices of MNCs as well as the cultural orientation of employees within such MNCs.

### 7. Limitation

This research has some limitations, as the authors admitted that sample chosen was narrow, focusing only on 36 interviewees from just American and European MNCs, and not taking consideration of MNCs from other nationalities, which probably bring different values of perceptions for the managers. Nonetheless, it provides useful guidance for further research, as well as some hints that some Chinese management values may become integrated into a hybrid international HRM. The research method presented in this study offered an effective and validated method for research relating to HRM and industrial relations.

### 8. Implication

In China, there are no fixed and changeless language strategies for MNCs management in the fields of industrial relations and human resources management. MNCs may employ adaptive methods when handling the changes to IR and HR situations. A mono-language strategy is not recommended in MNCs' operation.

Skilled cross-cultural competence (CCC) is not formed without any practice or systematic training. For managers engaged in IRs and HR management, it is recommended that MNCs need to organize some special training classes to improve people's communicative skills.

Various academic criteria can be used to test individuals' competence in a foreign language. However, for those working in MNCs, competence in a foreign language is not just a matter of whether one could use this language in everyday speaking,

listening, reading or writing. A more crucial perspective is to see if one can communicate successfully with other people in this foreign language.

There is no fixed language strategy for MNCs in China. Research has demonstrated that a successful MNC has its own features of language strategies. Most of them have mandatory requirements of English proficiency for middle level managers/staff, but for ordinary employees, foreign language is not considered at all, and furthermore, most of the employees working in MNCs are migrant workers from different parts of China who can only speak fluent dialects. Few can speak standard Mandarin, but it seems that this does not have much influence on industrial relations and human resources management. A variety of factors influence corporate IRs and HRM, but some are remarkable, such as the importance of personal networks, the concept of face, collectivism behaviour, hierarchy and stereotypes.

The research has demonstrated that traditional cultural factors could have both a positive and a negative influence on IRs and HRM practice. The interview findings revealed that MNCs can take good advantage of some traditional customs, such as the collectivist orientation and trade union leaders (who are sometimes also the leaders of the 'townsmen's association'), which can have a powerful influence in the MNCs. For those in which there is no trade union organization, the townsmen's association – the underground trade union – may take the position of employees' representative.

This study has also revealed that non-verbal actions are another factor that could be easily ignored but which actually play important roles in everyday management. As a manager in IRs or HR, it is necessary to pay attention to the emotional changes in the people with whom one is in contact, such as greetings, facial reflection of conversations, movement of fingers and hands, and even different ways of smiling.

### 9. Suggestions for future research

As a tentative exploratory study applying Hofstede's cultural dimensions as well as theoretical frameworks from other scholars in cross-cultural studies, this research has attempted to set up some references to guide the practice of IRs and HR management in China. While there are more issues waiting to be explored in the course of further research, which are not limited by the research patterns defined in this programme, new problems keep emerging along with the changes to

the internal and external situations for MNCs. For instance, the following topics of study are worthy of continuing research in the future.

### Acknowledgements

This paper was written under a grant from the Hubei Department of Science & Technology, China (No. WZGJ2020000017)

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