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Human Resources Management Practices in a Cross Cultural Environment: Bank of China

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Second Cycle

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ABSTRACT

Title: Human Resources Management Practices in a Cross Cultural Environment: Bank of China.

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Aim: With the tendency of globalization, the field of the human resource management (HRM) in multinational companies (MNC) becomes a heated topic. Being interested in this field, we choose Bank of China (BOC) to investigate what factors influence the process of transfer and adaptation of HRM practices for a Chinese bank in a cross cultural environment.

Method: This work has been adopted qualitative method as the primary data by interviewed six respondents of managers and employees from BOC in China and Sweden by means of the face-to-face interview, e-mail, Skype and the online instant messaging software (QQ). Extant literature, books and online resources are the secondary data.

Result & Conclusions: The result reveals that when transferring and adapting the HRM practices in a foreign country, MNCs are influenced by national and company level factors. At the national level, national culture and laws and regulations in the targeted country are the primary aspects while corporate culture of the targeted company and the strategic goals of the branches are the main factors at the company level.

Suggestions for future research: This study only focuses on four main factors affecting the process of transfer and adaption of HRM process, which may not contain all factors. Besides, it is based on a case study with qualitative data, thus the research areas can be expanded to a broader domain and the research methods can be used in both qualitative and quantitative approaches. Last but not least, staffing performance can be a very interesting field to be investigated.

Contribution of the thesis: We contribute with a model based on four factors to identify the process of transfer and adaptation of HRM practices in a MNC. We also make a unique contribution to empirical study of the process of HRM practices of a Chinese bank entering to Sweden. Finally, this model can be utilized as a tool of other MNCs when implementing HRM practices from the home country to the host country.

Key words: Bank of China, Culture, Human Resource Management, Transfer, Adaptation.

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LIST OF ABBREVIATIONS

AAT	Administrative Aptitude Test
BOC	Bank of China
CV	Curriculum Vitae
HCNs	Host-Country Nationals
HR	Human Resource
HRM	Human Resource Management
IDV	Individualism versus Collectivism
IVR	Indulgence versus Restraint
LTO	Long-term versus Short-term Orientation
MAS	Masculinity versus Femininity
MNC	Multinational Company
PCNs	Parent-Country Nationals
PDI	Power Distance
RQ	Research Question
TCNs	The Third Country Nationals
UAI	Uncertainty Avoidance
WTO	World Trade Organization

1. INTRODUCTION

This chapter consists of five sections including the background, case company, aim and research questions, limitations and structure of the whole study, which aims to introduce the relevant background, describe our targeted company, present the main purpose, show the limitations and give the general structure.

1.1 Background

In this part, we tend to introduce the current business situations in the world. Firstly, we introduce the current tendency of globalization and the Chinese multinational companies (MNCs) under this circumstance. Then, we introduce the double roles of multinational banks in the global business. Finally, we show the human resource management (HRM) practices in the MNCs.

1.1.1 Globalization and Chinese multinational companies

Nowadays, globalization is becoming a hot topic worldwide in academic writing, public media reports, and daily communication with friends, which impacts virtually all aspects of human beings' life. In other words, globalization has often been deemed as an image of "interconnectedness" of economies and opportunities for trade and investment from the perspective of business (Ndhlovu, 2012). From the theoretical perspective, financial globalization amounts to enter into a huge capital reservoir with the prudently and pragmatically investing growth; meanwhile, integration of financial markets will enhance the effective disposition of sources, improve the economic efficiency, provide opportunities for risk diversion and finally promote world economy growth (Das, 2010).

Based on this tendency, large amounts of Chinese enterprises begin to participate in the global business competition. Luo and Tung (2007) argue that as the Chinese government established the "Go Global" strategic policy in 1999, it has promoted and encouraged higher-level Chinese companies to go abroad to gain and boost their competitiveness. Ma and Yang (2011) argue that since supported by the low-interest loan from sources such as the state-own banks, Chinese corporations have experienced the increasing international mergers and acquisitions these years. Luo and Tung (2007) claim that enormous Chinese companies conduct international expansion as a springboard aiming to acquire strategic competitiveness to become more efficient when competing with their global rivals. With this springboard, they can make up for the deficiency, conquer latecomer drawbacks and tap into other emerging and developed markets to acquire competitive advantage.

Consequently, according to Ma and Yang (2011), Chinese companies have boosted the process of internationalization not only in developed countries, but in developing countries. For example, Chinese investors conduct foreign direct investment (FDI) in 4,425 firms from 141 countries and regions in 2012, which sums up to US $77.22 billion and up by 28.6% year on year. (Ministry of Commerce People's Republic of China, 2013)

1.1.2 Roles of banks in global business

Banks, especially multinational banks, are the parts of cross-country corporations on one hand. Pinar, *et al.*, (2012) say that because of globalization and integration for financial markets, the banking industry has experienced fierce competition both in domestic and foreign fields, which causes many developing countries to confront the shock of foreign banks. Lindstrand and Lindbergh (2011) insist bank sectors have exploited and expanded globally by launching foreign branches and partners. For example, according to Ministry of Commerce People's Republic of China (2012), it depicts that there is $3.4 billion foreign direct investment conducted in the banking industry in 2011. Moreover, Chinese state-owned commercial banks have launched 62 branches and 32 affiliates in 32 countries, such as America, Japan and Britain, with the staff of 33000, including 32000 foreign employees. In addition, Wu, *et al.*, (2007) claim that as China enters WTO with a commitment to open some financial markets, foreign banks have achieved some success. For example, there are 226 operating organizations with a total of $20 billion launched by foreign banks in 2005, which accounts for 15.5 percent of entire assets of banking sectors.

On the other hand, banks are the providers, supporters and partners for domestic and multinational corporations. Brinks, *et al.*, (2006, p.347) argue that

"Banks have a critical role to play in helping not only by providing the investment capital that businesses need, but also by supporting businesses with the right sort of financial advice as they start up, invest and grow."

Lindstrand and Lindbergh (2011) also say that in order to help small and medium sized firms conduct international business transactions, banks can provide various services such as letters of credit, international payments and management of cash.

1.1.3 HRM practices in MNCs

Company's strategy determines its development of Human Resource Management (HRM) (Lähteenmäki and Laiho, 2011). In other words, HRM is a unified system of organizations that attempts to incentive staffs' commitment to (Guest, 2001), and involvement in (Wood, 1999) the purposes and goals of the organization (Baptiste, 2008). It can impact the whole management process due to its principles and techniques (Marchington and Wilkinson, 2005). Therefore, after HRM firstly presented in American in 1980s, it has gradually influenced global enterprise management with continuous global communication (Sparrow and Hiltrop, 1994). It also has become a significant tool for enterprises in the past decades (Ozbilgin, 2004), which can help companies to gain more competitive advantages, efficiency in cost and survival in the increasingly fierce business competition (Syrén, 1998, Dowling, *et al.*, 2007).

Further, with the development of business globalization, more and more companies begin to join into the international arena (Wild and Wild, 2012). Meanwhile, those MNCs also adjust their management to focus on transfer and adaptation of HRM practices from the parent company to subsidiaries (Lähteenmäki and Laiho, 2011). Based on Schuler and Florkowski (1994), effective transfer and adaptation of HRM has enabled the multinational corporations to be successful in global competitive. Furthermore, multinational companies can diversify their staffing choices and gain more experience in multinational management from multicultural angles. Meanwhile, corporations can better to integrate the targeted oversea markets via hiring the local employees who have the rich experience for the local market (Dowling, *et al.*, 2007).

Because of the important role that banks act in cross-country business, commercial banks, especially the global commercial banks, would face more complex external environment and more stringent needs of HRM practices. Moreover, when multinational banks enter the overseas target market, most of their patterns of operation and management will present deep cultural imprint from their home country and business philosophy (Rose and Kumar, 2007).

However, as for the differences in culture and business environment, multinational banks must adopt an effective HRM system to find the right staff in overseas branches. They desire to find staffs who have insight into the local market value with appropriate coordination and deal with the local social culture and political complex problems in order to ensure that they can adapt to the development of the local market requirements, at the meantime, ensure the implementation and completion strategic development goals (Luo, 2004; Xie, 2005).

1.2 Bank of China (BOC)

Bank of China (BOC), which founded in 1912 and became the state-owned commercial bank in 1994, ranks one of the leaders in the Chinese banking industry and also has significant influence in the world's banking field. BOC has already run its business among the worldwide area for many years and it has become the most diversified and globalized commercial bank in China with a large spectrum of providing financial services in China and 31 foreign countries (Bank of China, 2013). By the year of 2009, BOC has 10961 domestic and overseas branches (9988 branches in 32 provinces, municipalities and autonomous regions in China, and 973 branches abroad) with the number of 262566 staff through the whole world (Bank of China, 2009). It mainly focuses on the commercial services such as financial market business, private and corporate banking business (Bank of China, 2013). In August 2012, BOC opened its first branch bank in Stockholm, which was also the first overseas branch in the Nordic area (BOC News, 2013).

In this study, we choose Bank of China as our case study based on several reasons: firstly, international banks have a dual identity, namely international corporations, and providers and supporters for international business, thus we consider that BOC is worth to be investigated.

Moreover, until now, BOC is the one and only Chinese bank in Sweden, even in Nordic Countries, which can be available for us to investigate. Finally yet importantly, based on this study of HRM practices of BOC in Sweden, we desire to give pragmatic advice for those later-comers of Chinese banks that plan to enter into Sweden and other Nordic Countries.

1.3 Aim and research questions

Although there are numerous scholars conducting research on cross-cultural HRM practices (Liu, 2004; Taylor, *et al.*, 1996; Kostova, 1994; Wild and Wild, 2012), few of them keep trace of the practical case study, instead, they only provide general ideas of HRM practices across boundaries for MNCs. This study, however, concentrates on a specific case of a Chinese multinational bank, which enters from China into Sweden, to investigate their HRM practices in a cross cultural environment.

Thus, the aim of this study is to investigate what factors influence the process of transfer and adaptation of HRM practices for a Chinese bank in a cross cultural environment. Here listed below are the research questions:

RQ1: How does a Chinese bank implement HRM practices in Sweden?

RQ2: What factors influence the process of HRM practices in a cross cultural environment?

1.4 Limitations

This research is not without limitations. To begin with, we build a simplified and basic framework to describe factors affecting the process of transfer and adaptation of HRM practices from the home country to the host country, as there would be other factors exerting influence on that process. Besides, we only investigate one MNC, which may not be able to represent the others. Moreover, due to the sensitive banking industry with numerous safety rules and regulations, we can only access limited resources. For example, it is hard, or impossible, to get the data of salary and welfare at length. Last but not least, because of the complicated and limited information, we cannot analyze the part of *performance of staff*. Specifically, this is a complex and comprehensive mechanism involves in different positions varied from different branches of BOC in China and Sweden, and this part involves in the secret and sensitive information that we cannot access to the data.

1.5 Disposition

This study consists of six chapters. The first chapter is the introduction part, including background, aim and research questions, limitations and the structure of the research. In Chapter 2, it reviews the theoretical literature, which aims at describing and defining key concepts, and presents a theoretic framework to investigate the factors influencing the transfer and adaptation of HRM practices from the home country to the host country. The third chapter is methodology chapter, which aims at describing the motivation behind the research strategy and process of data collection. Chapter 4 is empirical findings, which lists our findings from six interviewees divided in three rounds, and then give a summary at the end of the chapter. The fifth chapter is the analysis and discussion part, where the data are interpreted and the findings are discussed by the extant literature and the framework. The last part is conclusion part, which draws from the findings and analysis. It also presents suggestions for future research, contribution of the study and managerial implications.

2. THEORETICAL APPROACH

This chapter contains three parts, which presents the extant literature to identify and explain the topic of our study. The first two parts are concerned with the topic: The former one review the HRM practices divided into four sectors at length while the latter one is about the national culture including culture issues. In the last part, we formulate our own framework, based on previous works, to investigate our aim.

2.1 Human resources management (HRM)

According to Buchanan and Huczynski (2004), HRM can be defined as an integrated series of staffing policies to facilitate organizational strategy from a managerial perspective. Bratton and Gold (2007) also claim that HRM is a strategic method to managing the relations between staffs and enterprises, which maximizes people's capabilities in order to enhance firms' competitive advantages through establishing integrated staffing policies, planning and practices.

Specifically, Dessler (2000) divides the HRM system into five parts in his book *Human Resource Management*. They are: 1) Recruitment and Selection, 2) Training and Development, 3) Compensation, 4) Labor Relations, and 5) Employee Security and Safety. Meanwhile, Devenzo and Robbins (2002) stress the importance of maintaining effective relationships in the workplace.

Although there are various kinds of fields in HRM in previous literature, based on the study interest and capability, we plan to select 1) Recruitment and Selection, 2) Training and Development, 3) Compensation, and 4) Workplace relations as our main research directions. In the following sectors, we introduce theories about those four sections in detail.

2.1.1 Recruitment and selection

Based on Dessler (2000), recruitment and selection process can be simply divided into three steps. Firstly, employers publish recruitment information of job vacancies, and then set up criteria for the screening of applicants, in the end, select qualified staff through the recruiting test results. In the following parts, we present details for each step.

Recruitment channels and activities can be divided into various methods (Marsden and Campbell, 1990). Based on Henkens, *et al.*, (2005), systematization focuses on the distinction between active and passive recruitment, which means whether the recruitment activities are active or not, issued by the employer while the other one relies on the distinction between formal and informal recruitment. It refers to employees recruited by some intermediary between employers and the potential employee or not (Boxman, 1992).

However, based on the study of Henkens, *et al.*, (2005), during recruitment activities, most of the enterprises will choose active and informal recruitment as their first recruitment strategy, and the second one was called recruiting via the internet, and the third is characterized by formal recruitment. However, for employees, Internet is the most common method to scan recruitment information (Henkens, *et al.*, 2005).

Criteria for recruitment are used by MNCs to select right staffs, which manifest the required skills and attributes to hunt for potential applicants who can do a better job for the company (Dessler, 2000). It can be sure that the new staffs are qualified for the job requirements in the case of lower training costs while reducing the payback period for the organization (Sack, 1993). However, if the firms choose a wrong person, it may result a big loss for companies, including the hiring and training cost and supervisory time, and even this cost could be several times higher when hiring a manager (Dessler, 2000). Ryan and Lasek (1991) called this as *negligent hiring.*

In order to avoid the negligent hiring, employers need to think carefully about what the requirements and skills really are when conducting the recruitment activities (Ryan and Lasek, 1991). Therefore, recruitment criteria that match job's demand are important, which should include the requirements of the education background, skills, abilities or other factors that can meet the job position. Meanwhile, on the basis of their own development strategies, particular requirements should also be considered (Ryan and Lasek, 1991; Sack, 1993; Dessler, 2000).

Recruitment Testing is the basic method for employers to be used to test the performance of job applicants through a relatively fair manner to select the most suitable person from numerous applicants (Ledvinka, 1982; Dessler, 2000). There are five steps validating a test, which proposed by Dessler (2000): the first step is to analyze the job, the second one is to choose a test method, the next one is to administer test, the following one is to relate the test scores and criteria, and the final step is to cross-validate and revalidate.

In addition, he also stresses the importance of equality during the test process and suggests that the content of the test should rely on the work and measure with personality and interests (Dessler, 2000; Cellar, *et al.*, 1996; Salgado, 1997).

2.1.2 Training

Training acts as a method to give new and present staffs the necessary skills, which they should master in their works (Dessler, 2000). With the development of society, the main focus of training and its content have gradually expanded in the past decades, which not only focus on the job skills training, but also pay more attention to other areas, such as communication, team spirit, decision-making abilities, as well as technological and computer skills (Dessler, 2000; Wiley, 1993; Frazis, *et al., 1995*). However, in order to make the training content more specific and achieve training purpose, based on Dessler (2000), training organizer must do the analysis of training needs first and find out the training purpose; then design the instruction structure and select the training content for the trainees. After that, they should validate the rationality of the content, ensure program effectiveness, and then implement this program. The last step is to evaluate and follow up the training project in which the project's successes or failures are assessed. During this training process, reasonable setting of training rounds and increasing the interest of the training can be effectively help trainees learn while improving the success rates of training (Wexley and Yukl, 1977; McCormick and Tiffin, 1974).

2.1.3 Compensation

Employee's compensation means all forms of pay or remuneration giving to staffs and arising from the employment (McAdams, 1988; Whitney, 1988; Morganstern, 1995). It has two main components:

direct financial payments (such as salaries, wages, commissions, incentives and bonuses) and indirect payments (e.g. vacations and employer-paid insurance) (Whitney, 1988; Morganstern, 1995). Based on Dessler (2000), there are five steps helping the employers establish pay rates and ensure both internal and external equity.

1. Conduct the industry wage survey (in order to ensure the external equity). In this process, selecting professional research institutions and making full use of network resources can help employers collect information related to wage level. Then, develop a fair and reasonable salary policy depending on the own conditions of firms (Belcher, *et al.*, 1985).

2. Identify the worth of each position for the organization through job evaluation (in order to ensure the internal equity). This step is aimed at determining a position's relative worth; meanwhile, this is the basic platform to evaluate a wage or salary hierarchy (Brennan, 1984).

3. Divide group similar jobs into pay grades. This means to reasonably classify the wage level based on the difficulty of the work content and the importance of position. It will not only ensure the fairness of pay policies among enterprises, but also can reduce the possible negative effects caused by the wage differences in the workplace (Belcher, 1973).

4. Price each pay grade by using wage curves. Wage curves are relative to the points or rankings assigned to each job or grade by the job evaluation and are described the pay rates currently being paid for job positions in each pay grade. This is a traditional method for organizations to utilize to classify the pay rates with equity (Dessler, 2000).

5. Fine-tune pay rates. This refers to employers that adjust staffs salary rate according to the staffs working performance. It allows employers to take a more flexible stance with respect to the labor market while employees with more experience or seniority may earn more than current entry-level position ((Brennan, 1984; Dessler, 2000).

On the other side, welfare benefit is also a significant part of employee's pay, which can be related to the indirect payments that we have talked above. From Dessler's (2000) viewpoint, benefits can be classified into four parts: 1) pay for the not working time, 2) insurance benefits, 3) retirement benefits, and 4) service. Apart from the last section, the other three are mostly based on the related laws and regulations that are announced by country or the government while the service benefit is formulated according to the situation of the enterprise itself (Dessler, 2000).

2.1.4 Workplace relations

Workplace relations are regarded as the aggregation of employee-employer relations in a specific workplace (Stone, 2004). In addition, Sias (2005) adds that workplace relations are unique interpersonal relationships with significant effects for individuals to maintain and develop their relations in the workplace. Thus, there are two kinds of relations existing in the workplace: Employer-employee relation and colleagues' relation with each other.

Employer-employee relation significantly influences the organizational and individual achievements. In addition, the quality of communication between the superiors and the subordinates can determine the scope of information sharing in the workplace (Sias, 2005). For instance, communication between supervisors and subordinates in high quality relationships will have more platforms for the communication of opinions; meanwhile, subordinates can get more encouragement from leaders to negotiate their organizational role. Conversely, when communication is in low quality and relationships focus on disciplinary utterances and performance monitoring, employees in this relation may attempt to avoid contacting with his/her supervisors (Fairhurst, 1993). To sum up, a good employer-employee relation can help enterprises create more opportunities to get accurate information in a timely manner.

Colleague relation is more like a kind of friendship in the workplace environment (Lee and Park, 2006). Based on the report of Hartman and Gordon (2009), people spend so much time for their work that they often establish the friendships with each other in the workplace. This kind of relation can exert positive effects. For example, it can not only make the working environment more cohesive and improve employee satisfaction, but also can promote the work efficiency and reduce the turnover rate

(Hartman and Gordon, 2009). However, it can also lead to vicious competition, small-group mentality, and other acts that are harmful to the collective (Morrison and Nolan, 2007).

2.2 Culture

In 1997, Miroshnik (2002, p.526) means “culture is a complex object which includes knowledge, belief, art, law, morals, customs, and any capabilities and habits acquired by a man as a member of society.”. Later on, Eisenhart (2001) argues that culture acting as a kind of pattern can reflect the attitude towards life for a social group. It also can reflect “a group's successful adaptation to relatively stable environmental (economic, social, and political) conditions”, and can pass down from one generation to the next (Eisenhart, 2001, p.210). Almost at the same time, culture is defined as the obtained knowledge that people use to explain experiences and guide their actions (Kessapidou and Varsakelis, 2002, p.269). In short, the culture can be simply defined as a mechanism to identify individuals among in- and out-group (Trompenaars, 1998).

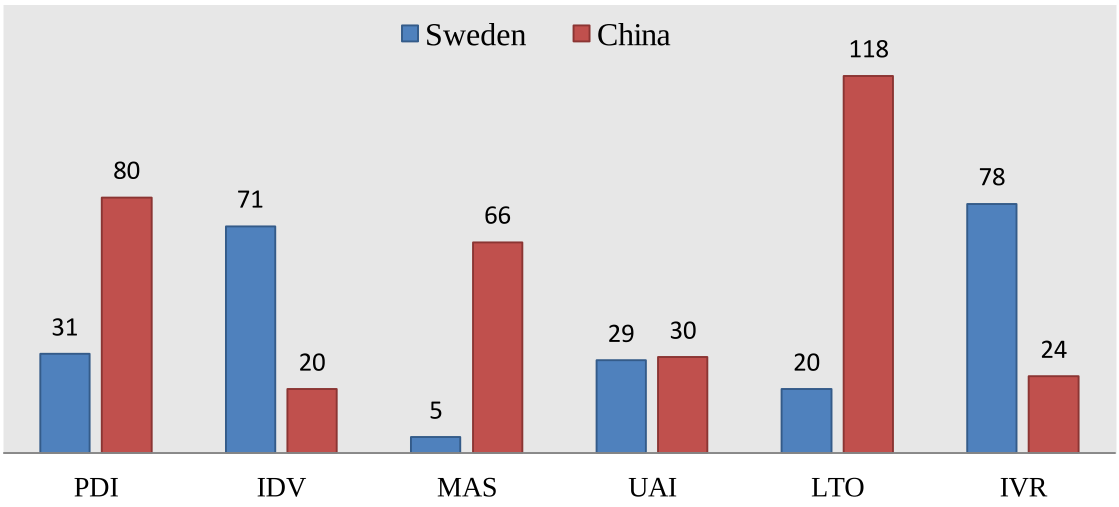
To sum up, although culture can be explained by various forms, 6-D model of national culture dimensions from Hofstede, *et al.,* (2010) is more close to the essence of the culture and can be a useful tool to analyze culture. Therefore, this theory system has been chosen to adopt and investigate in this study.

2.2.1 National cultural dimensions

The cultural theory formulated by Hofstede, *et al.,* (2010) is one of the most influential theories in the cross-cultural management field, which is widely used in international business areas such as marketing, human resource management and so on (Xie, 2007). They start their study on how values in the workplace are influenced by culture in 1960s, analyze large database of employees’ value scores collected by IBM, and keep refresh this database during the past 40 years. Till 2010, scores on the dimensions are listed for 76 countries, and almost cover the whole area of the world (Hofstede, *et al.*, 2010; Huettinger, 2008; Pritchard and Skinner, 2002). Hofstede, *et al.,* (2010) divide culture into six dimensions from the national level, and name this system as 6-D model: Power distance (PDI), individualism versus collectivism (IDV), masculinity versus femininity (MAS), uncertainty avoidance (UAI), indulgence versus restraint (IVR) (Hofstede, *et al.*, 2010).

For the MNCs, cultural discrepancies among countries rank toughest barriers that they have to face and underline in the daily management (Swierczek and Onishi, 2003, p191). Therefore, based on the 6-D model (Hofstede, *et al.*, 2010), the cultural differences between Sweden and China can be explicit obviously (***Figure 2-1***). Apart from the dimension of UAI, the index from the rest of dimensions are significantly different between the two countries, which means that a Chinese (or Swedish) firm would confront cultural issues when it runs in Sweden (or China).

***Figure 2-1*: Compared results of national cultural dimensions between Sweden and China**



Source: Data gathered from Hofstede, et al., (2010) and own construction

<u>Power Distance (PDI)</u> refers to the degree of inequality that exists and is accepted among people with power (Hofstede, *et al.*, 2010, p.61). Sweden gets a low score on PDI, which means that the supervisory personnel are not too much, and the decentralization is common in the workplace. Moreover, managers prefer to use their own experience to solve the problems, the relationship between superiors and subordinates is harmonious, and rights are equal for every single unit (Huettinger, 2008). By contrast, China has a high score on PDI where the centralization is popular in organizations, and supervisory personnel are larger than Sweden. Besides, managers tend to formulate formal rules to manage their works and employees, and they often act as "good fathers" in the firms (Hofstede, *et al.*, 2010, p.76).

Individualism versus collectivism (IDV) refers to the strength of the ties that people have to bond with others within the community (Hofstede, *et al.*, 2010, p.92; Javidan and House, 2001). In this dimension, Sweden (with a high score of IDV) is a totally individualistic country while China is a collectivistic country scoring lower IDV, which leads to remarkable differences. For example, in workplace, Swedish prefer to act as a single individual and focus more on the realization of individual value and the self-respect (Yan and Hunt, 2005), but Chinese are more careful about their status in the group and how much respect they can get from others (Hofstede, *et al.*, 2010). Moreover, Sweden has higher occupational mobility than China, because Swedish staffs consider them as "economic persons" and have rights to choose the jobs that they are interested in (Huettinger, 2008). Conversely, Chinese employees do not change their job frequently but prefer to pursue the in-group's interest. Furthermore, the relationship between staffs is more like a contract in Sweden, but more like a family link in China (Hofstede, *et al.*, 2010).

Masculinity versus femininity (MAS) can be simply explained as male or female attribution playing the stick roles in the society, and the traditional values and secular ideas are followed by main roles (Hofstede, *et al.*, 2010, p.140). From this perspective, Sweden is an absolute feminine country scoring 5 in MAS while China is a masculine country scoring 78. Therefore, in Swedish organizations, the women and men are equally treated across many professions, in addition, people work in order to live, and focus on enjoying leisure time more than making money (Matveev and Nelson, 2004). Meanwhile, the organization owners prefer to adopt compromise and negotiation to resolve the conflicts (Huettinger, 2008). In China, however, male in the workplace is expected to be tough, assertive and strong (Huettinger, 2008). Additionally, people tend to live to work, and pay more attention to making money than personal times; besides, most of the managers believe that the strongest can win the game in the process on resolution of conflicts (Hofstede, *et al.*, 2010, p.170).

Uncertainty avoidance (UAI) relates to the degree of anxiety that society members feel when in uncertain or unknown situations (Hofstede, *et al.*, 2010, p.191). As the fourth dimension, both Sweden and China get a similar score in UAI (Sweden is 29 and China is 30). It reveals that those two countries are uncertainty-avoiding societies. Under the circumstances, people prefer to maintain a more relaxed attitude to tolerate something across the principles' bottom line. Besides, they are better at implementation and believe in time is money. Therefore, most of time, people in those two countries have a preference to focus on decision content, and their needs are precise and formalized (Huettinger, 2008; Hofstede, *et al.*, 2010, p.217), but very few rules are encouraged to discover their own truth (Hofstede, *et al.,* 2010).

Long-term versus short-term orientation (LTO) is an attribute that towards future, thrift and persistence (Hofstede, *et al.*, 2010, p.239). Sweden gets 20 on this dimension, but China gets 118. It means that Sweden is a short-term orientation country, generally exhibits great respect for traditions and the people prefer to enjoy the moment (Huettinger, 2008). China, however, is a long-term orientation culture, concentrate on the future-oriented perspective, and people work for future (Hofstede, *et al.*, 2010). For example, a Swedish company will make a plan and work for the year's profits while a Chinese firm likes to make a five-year or ten-year developing strategy, and all of the works will go around this final target.

Indulgence versus restraint (IVR) is used to evaluate the degree of freedom and constraint that people enjoy in the society (Hofstede, *et al.*, 2010, p.281). Sweden gets 78 in IVR while China gets 24, which reveals that Swedish relatively feel free in the workplace and prefer following the natural human drives. By contrast, Chinese are restrained to conform by strict social norms (Hofstede, *et al.*, 2010).

Based on these cultural differences, staff working in a foreign country or in a MNC would confront the different cultural manners and practices; thus they need to enhance their awareness and adaptability of culture in order to adjust themselves to handle the cultural dilemmas such as culture shock and culture conflict.

2.2.2 Culture shock

The employment of prospective and professional expatriate, the person who works from the home country to the host country, is a common approach for MNC to run an international business in the overseas branches. However, Pires, *et al.*, (2006) insist while the expatriates are of strategic and operational importance for these branches, the failure of expatriate may occur due to the culture shock.

Wild and Wild (2012) define culture shock as the psychological symptom of being depressed, homesick, confused, irritable affected by those who living abroad. In order to investigate the culture shock, Lysgaard (1955) formulate the U-curve framework to analyze the cross-cultural psychological adaptation process of expatriates from a home country to a host country, which has been widely used by many scholars (Pires, *et al.*, 2006; Wild and Wild, 2012; Feichtinger and Fink, 1998). There are four stages for the acculturation procedure. At the initial stage, new comers are curious about the local scenery and interested in local culture, where they are at the top of the U-curve. With the dispersion of fascination, unpredictable chores and problems make them feel annoying and they gradually feel down on the U-curve to the bottom. At the third stage, the expatriates come to realize, begin to learn local culture and make local friends get used to the local environment. From the third stage, the U-curve begins to rebound. At the last stage, the visitors not only understand the local culture, but also accept and appreciate it and finally involve in the foreign country.

2.2.3 Culture conflict

Hocker and Wilmot (1991) define conflict as the dispute or struggle taken place by two or more independent parties with incompatible purposes, approaches, thoughts and limited resources to fulfill their own goals. Drawn from the previous work of national cultural dimensions from Hofstede, *et al.*, (2010), we can see that apart from the index of UAI, the rest of five dimensions are varied with the huge gap between China and Sweden. For example, Lin (2009) argues that China is a collective country with the value of interdependence and harmony, which also has the philosophy of Confucianism, Taoism and Buddhism. However, according to Hofstede, *et al.*, (2010), Sweden is an individual country that differs significantly with China. Thus, some cultural misunderstandings and conflicts may arise when a Chinese bank enters into Sweden to run business. We guess that different ways would come from the management mechanism, work practices and performance. Darling and Fogliasso (1999) suggest that in order to smooth the culture conflicts, they firstly should respect others' culture, which is regarded as the most important one. Then, try to take peaceful and sincere attitude to let others understand and respect your own culture. Last but not least, try to negotiate and make compromise instead of disputing when conflicts happen.

2.3 Theoretical framework

The purpose of this study is to investigate what factors influence the process of transfer and adaptation of HRM practices for a Chinese bank in a cross cultural environment. Therefore, we firstly interpret the terms transferability and adaptability to understand how these practices are delivered from a parent company to overseas subsidiaries. After that, we reveal the factors influencing the process of HRM practices based on previous works, and then, we try to formulate a framework referred to extant literature to investigate that process systematically.

2.3.1 Transferability and adaptability

<u>Transferability:</u> Liu (2004) defines the transferability as the ability of the parent company to transfer HRM mechanism to its overseas affiliates in this kind of research. Tayeb (1998) means that some of HRM practices are easy to transfer across different cultures while others are not. Different level factors such as the national level and company level aspects affect the consequence and effect of HRM (Liu, 2004).

<u>Adaptability:</u> Engelhardt-Nowitzki (2012) defines adaptability as the ability of a firm to transform structurally or part of it, depending on the requirements of the gap in current operational condition. But we put adaptability in a narrow sense that needs to transform the incompatible part of the transferability of HRM practice to get accustomed to the local environment. Many scholars (Liu, 2004; Taylor, *et al.*, 1996; Kostova, 1999) have realized the process of transferring the HRM mechanism into a foreign country may meet several inadaptable obstacles such as the cultural and legal incompatibility. Therefore, in order to enter a certain foreign market, the transnational firms must change the situation that does not meet the local business environment to adapt the local condition.

2.3.2 Factors affecting the process of HRM

Based on extant literature (Liu, 2004; Taylor, *et al.*, 1996; Kostova, 1994; Wild and Wild 2012; Hofstede, *et al.*, 2010) related to cross cultural HRM practices, we identify four main factors that exert significant influence on the process, including national culture, laws and regulations, strategic goals of branches, and corporate culture.

National culture: This factor has been regarded as one of most significant factors in cross cultural context researched by numerous scholars (Chow, 2004; Liu, 2004; Taylor, *et al.*, 1996; Kostova, 1999). Moreover, Hofstede, *et al.*, (2010) conceptualize a model of six national culture dimensions: PDI, UAI, MAS, IVR, LTO, and IDV. Trompenaars and Hampden-Turner (1997) classified 7 dimensions to analyze the national culture: Universalism vs. particularism; individualism vs. communitarianism; neutral vs. affective relationships; achievement vs. ascription; managing time and relating to nature.

These researches have alerted the professional managers to be aware of some cultural dimensions when entering into a foreign country. Take BOC as an example, when BOC opens its branches in Sweden, it would care about the dimensions, like MAS and IDV, to get a better understanding of Swedish unique culture.

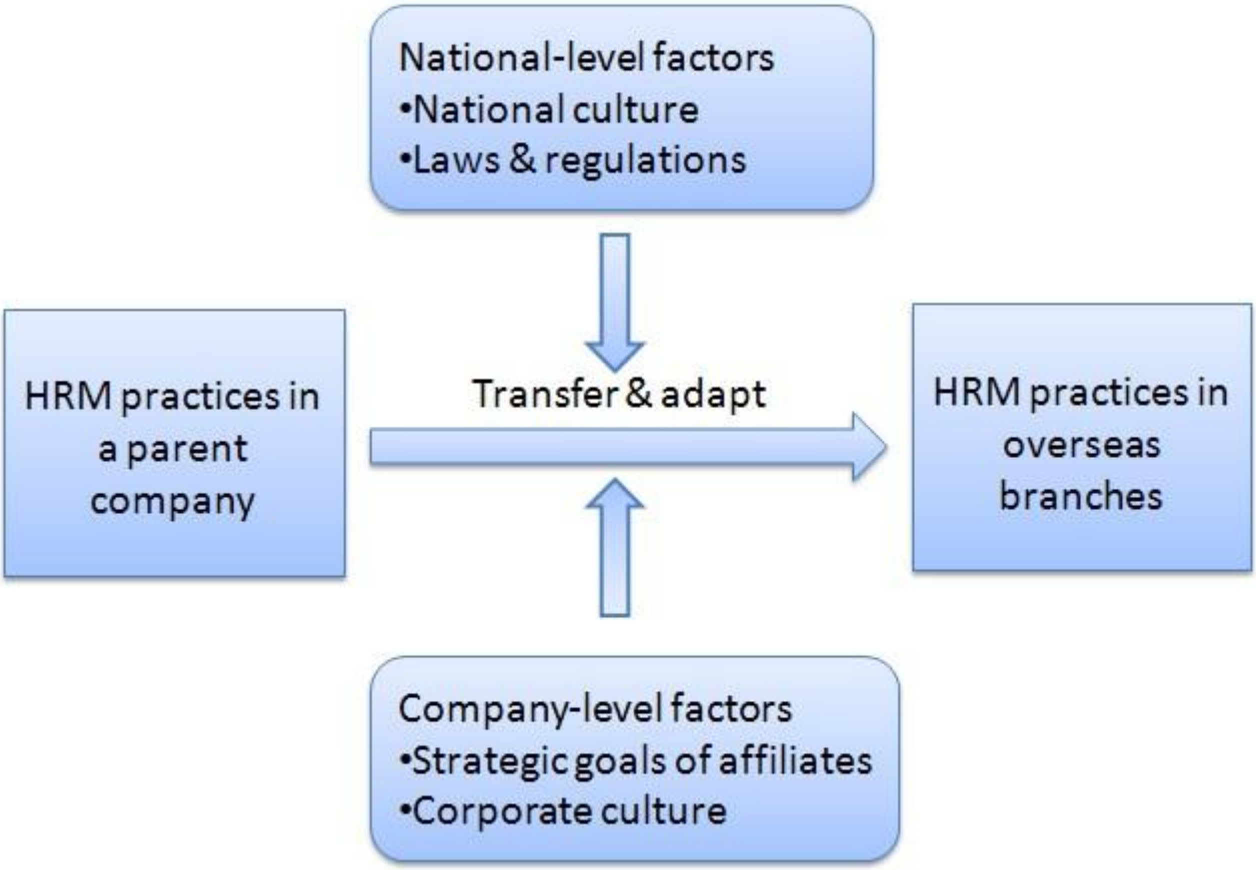
Laws and regulations: This factor also has been wildly recognized and regarded as the significant factor when running the business across cultural boundaries (Taylor, *et al.*, 1996; Chow, 2004; Wild and Wild, 2012). Companies have to obey the laws and regulations prevailing in the business environment in a particular country for the purpose of survival (Scott, 1995). Wild and Wild (2012) indicate that culture and legal system are interactive: many cultural aspects exert a strong influence on laws and regulations while legal system implements to protect culture. Thus, it is better to conscious of its culture to understand the legal systems deeper in a foreign country. Moreover, Taylor, *et al.*, (1996) insist that the similar legal environment between home country and host country, the greater achievement and more compatible will gain by overseas branches.

<u>Strategic goals of branches:</u> Based on the previous work, some scholars also argue that this factor can exert impacts to determine the style of the overseas branch and then influences the process of HRM (Taylor, *et al.*, 1996; Dowling, *et al.*, 2007; Wild and Wild, 2012). Taylor, *et al.*, (1996) argue that when conducting HRM policies, issues, and practices in a foreign country, the multinational companies will involve in strategic activities, such as the international goals and concerns. When entering into a new market, companies have various patterns to formulate particular staffing policy, and take different measures to train local staffs and expatriates based on strategic goals of branches. For example, there are 3 most popular staffing policies in the International HRM: ethnocentric staffing, polycentric staffing, and geocentric staffing (Dowling, *et al.*, 2007; Wild and Wild, 2012; Morgan, 1986). Ethnocentric staffing means that individuals from the home country are responsible for the strategic decisions and practices to the branches in the host country (Wild and Wild, 2012). The significant feature of polycentric policy is that the international firm treats all subsidiaries equally and regards them as independent and unique entities with autonomy to some extent (Dowling, *et al.*, 2007). Geocentric staffing means staff that most suitable, no matter what their nationalities are would be responsible for the overseas branches (Dowling, *et al.*, 2007). A multinational firm would adopt ethnocentric staffing if they want to keep the close control, make strategic decisions over branches and keep branches accordance with head quarter while it would conduct polycentric policy to fully exploit local brains and avoid cultural barriers and conflicts in an unfamiliar context. Otherwise, it would conduct geocentric policy to train their managers to become the professional managers with a good knowledge of internationalization (Dowling, *et al.*, 2007; Wild and Wild, 2012; Morgan, 1986).

<u>Corporate culture:</u> Because of different styles of corporate culture, several scholars considered as a factor affecting the transfer and adaption of HRM practices as well (Liu, 2004; Trompenaars and Hampden-Turner, 1997; Li and Liu, 2002). There are affluent definitions of corporate culture. For example, O'Reilly, *et al.*, (1991) define corporate culture as a set of values, norms, and attitudes wildly accepted by a certain group of people. Moreover, Li and Liu (2002) argue that excellent corporate culture can cultivate a comfortable and positive atmosphere, boost staff's cultural literacy and formulate internal bonds for staff. Liu (2004) adds that corporate culture can be a guide to lead staff to go the right way and a stimulus to motivate creativity and enthusiasm. Based on Trompenaars and Hampden-Turner (1997) research, they identify four preliminary types of corporate culture with the criteria of equality-hierarchy and the person or task orientation. They are: The family type (fulfillment-oriented culture with hierarchy and person orientation, like China, India, etc.); the Eiffel tower type (role-oriented culture concerning hierarchy and task orientation, like Australia, Hungry, etc.); the guided missile type (project-oriented culture with egalitarian and task orientation, like Norway and USA); and the incubator type (process-oriented culture concerning egalitarian and person-oriented work, like Sweden and Canada). We argue that because of different corporate cultures are affected by national culture; the success of transferability of corporate culture would be influenced owing to the compatibility among the host and home country's culture.

To sum up, we formulate our own framework (***Figure 2-2)*** of a MNC implementing its HRM in another country, based on previews works, to investigate the factors affecting the process in a cross cultural environment. When implementing HRM practices, MNCs conduct the transfer and adaptation of the process of HRM practices that are influenced by different levels factors: national level factors (national culture, and laws and regulations) and company level factors (strategic goals of branches and corporate culture). These two-fold levels would determine the effect and efficiency of the HRM practices in oversea branches.

Figure 2-2: **Theoretical framework of HRM practices in a MNC**



Source: Adapted from Chow, 2004; Liu, 2004; Taylor, et al., 1996; Kostova, 1999; Wild and Wild, 2012; Hofstede, et al., 2010; and own construction.

3. METHODOLOGY

This chapter consists of four parts. In the first part, we investigate the qualitative research to explain why we choose this method instead of quantitative one. The following part is data collection that we present the detailed information of our respondents with question lists. The third sector is the data presentation and analysis, which presents the ways to present data and the steps to analyze data. The last part is the validity and reliability part, where we prove our research approaches to be valid and reliable.

3.1 Qualitative research

In the field of corporate management, the practice of methodology of qualitative research has a long tradition and history. In the early time, some scholars, such as Dalton (1959), Watson (1977) and Jackall (1988) set forth the importance of qualitative research method. In recent times, scholars' research proves that this method is a powerful tool for the management and organization researcher (Lee, 1999; Gummesson: 2000, Boje, 2001). Meanwhile, cumulatively qualitative researches prove that qualitative research methodologies almost cover all domains in this field (Cassell and Symon, 2006), such as marketing (Daymon and Holloway, 2003; Moisander and Valtonen, 2006) and international business (Marschan-Piekkari and Welch, 2004).

Choosing qualitative method to research our study is based on several reasons. Firstly, BOC of Stockholm Branch is a newly-build branch in Sweden with eight staffs working here (including two managers), which means that the number of the sample is too small to conduct questionnaire survey by means of the quantitative method. Moreover, the two targeted branches of BOC in China only accept our interviews but refuse our request of conducting questionnaire survey. Further, according to Bryman and Bell (2007, p.402) says, *"A qualitative research usually emphasizes word rather than quantification in the collection and analysis of data".* We consider that, during the interview, we can adjust our questions and data-collecting model in response to the respondents' reply for the case of avoiding the somewhat resistant and offensive attitudes, such as the improper questions or sensitive intelligence, which can boost the reliability to some extent. Last but not least, we also can benefit a lot from this method, for example, we can build a strong relationship with the interviewers, which enable us to conduct second or third time of data collection if needed. Under these circumstances, we consider the qualitative method as the most appropriate approach for this research.

3.2 Data collection

Interview is the main method for primary data collection. In order to make the results comparative and comprehensive, we select six Chinese respondents (***Table 3-1***) who work for BOC in different branches and in different places. Two managers (Interviewee A and B) are from the Stockholm Branch of BOC via face-to-face interview; two managers (Interviewee C and D) are from the different branches of BOC in China via Skype and E-mail, and the rest two general employees (Interviewee E and F) are from the same local branch in China via QQ (an online instant messaging software). Further, all of the interviewees were contacted with E-mails and we got their permissions to make records when we conducted our interview, but they required being anonymous due to safety regulations. Last but not least, all interview processes were communicated in the language of Chinese.

Table 3-1: **Profile of our six interviewees**

Interviewee	***Position***	***Working place***	***Working experience (years)***	***Experience of HRM (years)***
Interviewee A	Admin. Manager	Stockholm, Sweden	20	10
Interviewee B	Top Manager	Stockholm, Sweden	10	7
Interviewee C	HR Manager	Bazhong, China	12	5
Interviewee D	HR Manager	Fuyang, China	20	5
Interviewee E	General staff	Fuyang, China	5	0
Interviewee F	General staff	Fuyang, China	4	0

Source: Own construction

We also visited a Swedish local manager in Swedbank, Sandviken Branch for discussing how they work with HRM on April 25th. Although we did not present this discussion result in the empirical findings, we obtained useful data in the field of staffing recruitment process, criteria for recruitment, employer-employee relation, and colleagues' relationship. This helped us to get a perspective of a local Swedish bank's HRM practices and new ideas to use when we constructed questions for BOC.

Based on the extant literature, we design three similar interview rounds but different question lists (***Appendix from A to C***) in order to carry out different rounds of the interview for respondents in different positions with various branches. We modified some questions like criteria for selecting staff after we summarized the results of discussion from Swedbank. All of the three question lists include four parts: recruitment, training, compensation and workplace relations, with which lie 2 or 3 related questions. Seen from the *Appendix from A to C, Appendix A* is designed to conduct the first round interview of managers in Stockholm Branch in order to collect information about HRM practices implemented in Sweden. *Appendix B* is used to carry out the second round interview of managers in the branches in China in order to collect information to investigate the HRM practices of BOC in China. *Appendix C* is used to interview employees in China for the purpose of discussing the HRM system of BOC from the perspective of Chinese general staffs in the third round.

The first round interview includes two persons (Mrs. A and Mr. B), both of whom have at least 10 years overseas job experiences in bank sectors and have a rich experience about international overseas management. This interview began at 20th March from 14:00 to 16:00 in the meeting room of BOC, Birger Jarlsgatan 28, Stockholm, Sweden. During the interview, we spent two hours and they answered almost all questions we prepared before (the questions are shown in *Appendix A*). Meanwhile, we conserved a record in order to record all the interview details and make a better understanding from the conversation.

In the following round, we interviewed two managers (Mr. C and Mr. D) coming from BOC in China with the question list shown in *Appendix B*. Mr. C is a personnel manager working in the BOC of Bazhong Branch, Sichuan Province, China, who has a professional experience for more than 5 years.

Mr. D is also a human resource manager who has worked for BOC of Fuyang Branch, Anhui Province, China, for more than 20 years and has a 5-year expertise in personnel manager. We contacted Mr. C through Skype for about 40 minutes on April 11st with a list of prepared questions. Furthermore, we sent questions via e-mail to Mr. D on April 12th and received the answers on April 19th.

The third round interview also includes two interviewees (Miss. E and Miss F). Both of them are the general staffs who work for the BOC in Fuyang Branch, Anhui province in China. All of them are ladies and one has a 5-year working experience for BOC while another has 4-year experience. This interview began in May 6th, during the time from 15.40 to 16.20, and 16.30 to 17.15, via QQ, which is fashionable and convenient online instant messaging software for Chinese people. This software has almost same functions like Windows Live Message, by which people can have the written communication through this software and it can auto-record all the chatting history so that we can review every interview details anytime. During this round interview, we use the question list of *Appendix C* for them, and we took note for comment in Chinese in order to improve the accuracy of the information.

To summarize, in order to make more intuitive understanding about the interview process, we compose a table ***(Table 3-2)*** to present some details data.

Table 3-2: **Information about the interviews**

Interviewee	***Gender***	***Approaches***	***Lasting Time***	***Records***	***Interview Rounds***	***Question Lists***
Interviewee A	Female	Face-to-face	1 hour	Record	Round 1	Appendix A
Interviewee B	Male	Face-to-face	1 hour	Record	Round 1	Appendix A
Interviewee C	Male	Via Skype	40 min	Record	Round 2	Appendix B
Interviewee D	Male	Via E-mail	—	Record	Round 2	Appendix B
Interviewee E	Female	Via QQ	40 min	Record	Round 3	Appendix C
Interviewee F	Female	Via QQ	45 min	Record	Round 3	Appendix C

Source: Own construction

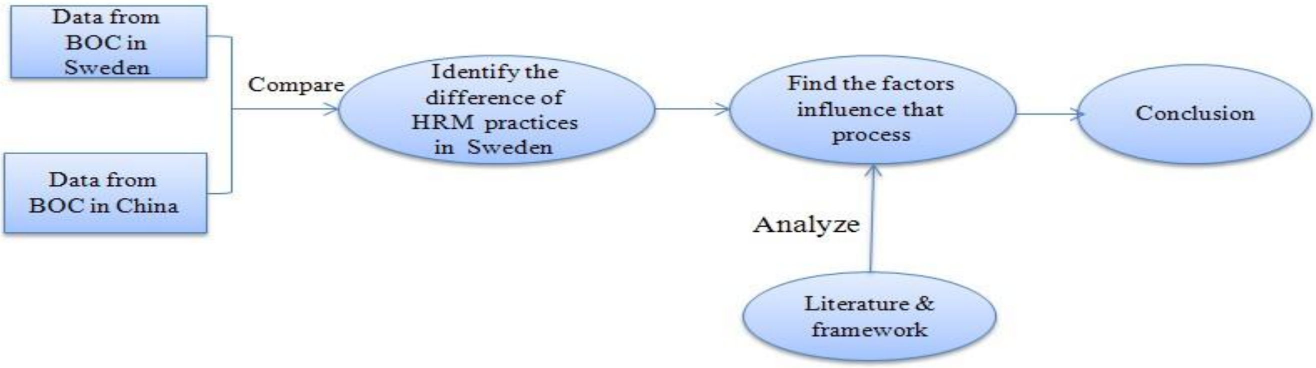
Apart from the primary data, we also collected resources from books, extant literature and websites as our secondary data. The books are recommended by professors on the class and friends whose major are HRM; meanwhile, we also spend much time to find useful books to support our research. In addition, we search literature and articles via the database of *Högskolan i Gävle* library system, Google Scholar and other retrieval engines such as Emerald. Moreover, the Internet resources are auxiliary materials to this study.

3.3 Data presentation and analysis

The data are presented by the following three rounds of interview. In each round, the information of the interview is listed out according to the order of the interview questions we asked during the interview. Correspondingly, the results are presented into three separate sections. All of the interview questions are divided into four parts, namely recruitment, training, compensation and workplace relations. Hence, all of interviewees are easy to answer the interview questions relied on the topic within their truly working experience.

During the analysis part, we draw a figure (***Figure 3-1***) to present a clear process of data analysis. Four periods consist of the whole procedure: To begin with, we conduct three rounds interview of BOC in both China and Sweden including managers and general staff. After that, we find the different approaches of HRM practices when running the business in Sweden by comparison. Thirdly, by comparing these significant distinctions, we try to explain the reasons why BOC's HRM could be like those ways by utilizing relevant literature and framework to investigate the factors on the process of HRM practices. Last but not least, based on the analysis and discussion, we draw our conclusion part and present the future suggestions, contribution and implications.

Figure 3-1: **The process of data analysis**



Source: Own construction.

3.4 Reliability and validity

A high quality of reliability and validity is able to offer not only the faith in the process of data collection, but also the trust in the triumphant utilization and the successful decision-making (Riege, 2003).

Riege (2003) argues that the significant characteristic of reliability is to ensure the operations and procedures of the research inquiry to be repeated by the similar researches launched by other researchers, and the findings can be extent replicated in other assuming. Moreover, validity refers to whether or not a tool to measure what it designs to be done and if the consequence can be able to generalize to other circumstances (Randa, 2003). Brennan, *et al.*, (2007) argues that the criterion to evaluate the validity of an argument depends on that conclusions are consistent with premises.

In order to demonstrate the validity and reliability, we conduct four steps of the process of data collection in this study: 1) Choose the targeted bank, 2) Identify the interviewees, 3) Design the interview questions, and 4) Conduct the proper way to interview.

Before we select the interviewees, we plan to choose one of the biggest China commercial banks, which open its oversea business in foreign market for a long time with a large scale. Although the time of this branch established in Sweden is less than one year, BOC has more than 20 years' experience about overseas operation; thus it can supply a large amount of information and experience of BOC in HRM.

Moreover, in order to find out the differences the HRM of BOC between China and Sweden, we have chosen managers and staff from both the Stockholm and China branches of BOC as our interviewees. However, all the interviewees in this study are Chinese. On one hand, there are not foreign staffs working in our two targeted Chinese branches. In Stockholm Branch, on the other hand, the manager tactfully refused our requests to interview Swedish employees, but she (Interviewee A) accepted our interview so that we still got the relevant information. Therefore, this select process can ensure the effectiveness and authenticity of the information that we collected from the interviewees; meanwhile, it also can be able to provide enough information to support this study.

Furthermore, we have prepared three similar but different question lists varied by the different positions (managers or general staffs) and locations (in Sweden or China). We adjust the structure of questions to ensure them suitable for the interviewees in different batches. In addition, the listed interview questions are sourced from the relevant literature and theories of HRM and also modified by the discussion result of Swedbank. Last but not least, we manage these questions to avoid academic terms to make us understood.

During the process of design the interview, we chose the proper approach to conduct interview, estimated the possible difficulties in the interview and prepared the corresponding solution (such as changing the manners to interview and expanding the range of information search). Most importantly, since the interviewees and authors are all Chinese, using our mother tongue – that is Chinese – as the communication tools is convenient for us to exchange and understand each other’s ideas. After finishing the interviews, we summarize and translate the interview results from Chinese to English based on the original data in order to make all the information available to use in this study. Last but not least, when we translate into English, we work together and try our best to avoid misunderstanding and keep it as the same meaning in Chinese.

4. EMPIRICAL FINDINGS

This chapter contains four parts, which presents the data of three rounds interviews asked by prepared questions. In the first three parts, the questions can be classified by four sectors: recruitment, training, compensation and workplace relations, which are used to interview managers from BOC in Sweden, and managers and general staff from BOC in China. In the end, we formulate a table to summarize and compare the differences of HRM practices in BOC between China and Sweden.

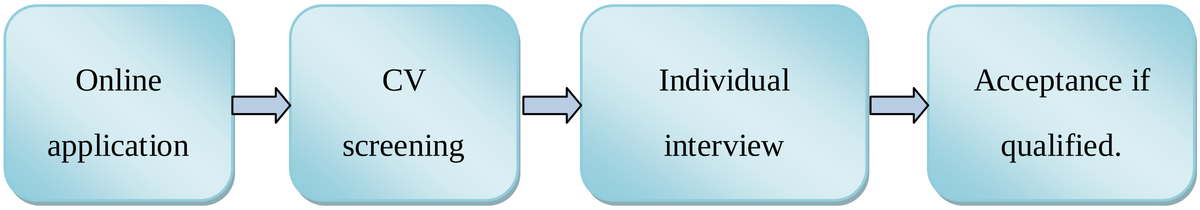
4.1 First round interview with managers in Sweden

First of all, they told us the general staff structure overview of their branch. The first respondent who accepted our interview was Mrs. A, one of the top manager of this branch. As she introduced, until now, Stockholm Branch already established about 8 months, and had 8 staffs in total (2 Chinese staffs were top managers, the others were the general staffs), and 3 of them were the local Swedish staffs while the rest of them were Chinese. Besides, 5 staffs were recruited from the European human resource market while the others were the expatriates who came from the head quarter BOC in China.

The first question was about the channels they took to deliver the information of job vacancy. Based on Mrs. A's description, there were three channels for BOC to find new staffs: Swedish or European human resources market; Swedish or European head-hunting organizations; and talent pool of BOC itself.

Further, they gave detailed information about the process of recruitment to answer the second question. They argued that as for the various recruitment channels, there were some differences existing in the process of selection. Those who selected by the former two channels, which was outside the BOC's talent pool, they needed to pass the following process that was close to the traditional western style (***Figure 4-1***). The first thing was online application through BOC official website; after that BOC would estimate and screen the CV. If the applicants met the requirement, they would be notified to have individual interviews. Finally, they would be recruited if managers considered them qualified.

Figure 4-1: **Recruitment process for applicants outside BOC's talent pool in Sweden**



Source: Own construction

Those who selected from the latter channel via BOC's talent pool, they would go through the following process (***Figure 4-2***): Managers would just look into the internal screening of the CV, which was totally different from the former two and regarded as the most convenient and reliable way. After that, the process was the same as the former one.

Figure 4-2: **Recruitment process for applicants inside BOC's talent pool in Sweden**

Source: Own construction

Question 3 focused on the criteria of selecting staff and the required skills. Mr. B argued that because Stockholm Branch was the first one in Nordic market, they had to comply with their strategic goals to operate in a short time and keep consistent practices and corporate culture from BOC in China. Thus, the criteria for recruiting managers were: Proficiency in Chinese and English; rich experience in overseas banking management; being familiar with the management system and operation patterns of BOC; understanding the development trend of the European banking sector; and being familiar with the Swedish market.

In addition, the criteria to recruit general staff were different from managers and varied, to some extent, among different kinds of positions. According to Mrs. A, she explained that before they chose applicants, the primary factor taken into consideration was the language. Specifically, due to the strategic role of Stockholm Branch, a good master of English was the basic factor. At the meantime, a master of Chinese was another necessary language, but Swedish was not necessary for new staff. Moreover, related work experience in bank sectors and comprehensive abilities of the employee (such as team spirit, communication skills, innovation and responsibility) were considered as significant factors. In addition, those who applied for technical positions would satisfy the relevant skills. Last but not least, the education background and the rank of applicants' graduated university were not important as imagined. During the interview, we found an interesting factor that BOC's managers preferred to consider those who were Chinese overseas students and people who had an experience to study, work or live in China.

After those three questions, we shift the focus from recruitment to the training proce**ss.** In question 4, we asked respondents about training for its new staff. They introduced that every new staff needed to accept the following three-step training process. Firstly, they would be trained the general and primary knowledge and corporate culture of BOC in the first round, which would give the first impression of BOC's culture, core value, missions and operations. After that, they would go through expertise training to get a deeper understanding of operations in different fields. Last but not least, in the third round, they would be given the mentorship training that they would be tutored by their direct managers or professionals.

Meanwhile, based on their introduction, the training content could be divided into these following three parts:

Language training: Swedish was not popular in worldwide area, but most of the Swedish people had a good master of English while almost novices (except the local Swedish) never touched Swedish before, but they all had good English communication skills. Therefore, they decided to focus on promoting the English abilities for their new staff. Besides, they encouraged Chinese staff to study Swedish and

Swedish peers to learn Chinese, by which BOC would not only save the training cost and shorten the training cycle, but also relieve the pressure from the staff.

Cultural training: This part could be divided into two areas: the corporate culture and the multinational culture. In terms of the former one, they argued that they followed and shared the same corporate culture with BOC in China: that is “Integrity, performance, responsibility, innovation and harmony” with the core value of pursuit of excellence. They argued that those items played a pivotal role in the bank’s development that could consolidate the staff’s spirit, lead them to the right way and gave them a sense of belonging. Unless all the members shared the same values and accepted and respected the corporate culture, they could not keep on the right track and make a difference; the latter one was the introduction of multinational culture, which would be divided depending on their nationalities. For those who came from China, they would be trained with the business environment of Sweden, Swedish local customs, and so on while for those local Swedish, they would be taught the Chinese culture and Chinese customs. Although BOC would supply some cultural lessons for new arrivals, they regarded self-study as an important method to improve themselves.

Skill training: Mrs. A argued that firstly novices would accept basic training to help them understand BOC. Next, all of them would be sent to Luxembourg Branch, which was the superior institutions of Stockholm Branch, to conduct three-month training program. In this period, they would learn the professional knowledge and practices of BOC’s overseas business. In the last stage, they would be assigned to conduct one-to-one job training to get the pragmatic skills and practices by professional staff. Mr. B added that, because of Swedish culture, they would emphases on teamwork and individual skills, but they prefer to latter one.

In the fifth question, we asked Mrs. A and Mr. B about how they helped those employees who were not Swedish to overcome the cultural inadaptability. Mrs. A admitted that there were absolutely many cultural differences existing between China and Sweden, such as language, attitudes toward life, and the way of working and so on. Sometimes, some of them would feel culture inadaptability and miss their hometown for several weeks, which was known as culture shock. Mr. B gave his own opinion and argued that the adaptability to the Swedish culture mainly relied on the staff's own ability. However, he added that he also supported them to incorporate into this new foreign working environment. For example, they offered training of Swedish culture and created more opportunities to contact with locals. They organized a 'Fika' every day, which was a Swedish small get-together in the workplace, could help employees to develop their relationships, exchange their life experience, and deepen the impression for each other's country cultures. Moreover, diathesis development activities were launched for all employees in order to boost group cooperation, strengthen the identity, improve team spirit and break down the barriers.

How to deal with the cultural issues like conflicts in the workplace was the sixth question. Mrs. A said that the banking industry belonged to highly professional service industries, thus when different nationalities employees worked together, they would consider and deal with the problem at the working level. There were, however, some culture conflicts due to the different working methods, manners of thoughts and working attitudes. She added that she always tried to cultivate comfortable and harmonious environment to help them get a better understanding with each other by different types of activities. Besides, she always insisted negotiation instead of dispute and conflict. From the perspective of staff, she said that they recognized that they were co-workers and they respected each other; thus they would think of others and negotiate to smooth the conflict for the sake of teamwork.

In Question 7, we asked about calculation and components of salary. Mrs. A claimed that there were different calculation mechanisms between expatriates and local employees. She explained that the average employee's wage would refer to local wages in the same industry and the same post, and then set a base salary, but the bottom line was that she would conform to local least standard of salary. However, staff had chances to bargain and negotiate to strive for their expected salary. After they worked, the performance salary would be added into the salary system and become a component of the employees' wages.

Since expatriates were selected by the superior departments and then posted to the branch, their wages were mostly negotiated one by one and settled according to the negotiation result. He added that this compensation was called ‘Package Plan’, including salary, overseas job subsidies, welfare, bonus and other welfare treatments, which had been fully settled before they came here. “Every expatriate has different payment, but they all would be measured in accordance with international industry standards,” Mr. B added.

We focused on employees’ welfare benefits in Question 8. “We completely comply with local laws and regulations, such as 38.5 working hours per week, 20-day sabbatical leaves per year, the related insurance stipulated in the laws and regulations and so on,” Mrs. A introduced. “We have to say, there are many differences when comparing with China,” Mr. B added.

Question 9 was about the relationship among colleagues. Mr. B argued that employees had close contacts in the workplace in Sweden, by which they boost bonds and cooperation efficiency. However, Mrs. A explained that, contacts happened in off-work time were not as close as in the workplace. Except for the party organized by the branch, she rarely heard employees visited others in the private time. “Based on my own experience, Swedish people do not often communicate with their colleagues in their own time because they think it will affect the quality of their personal lives,” she argued.

Last but not least, we focused on the field of employer-employee relation. Mrs. A argued that, in traditional Chinese culture, managers would be appropriate to demonstrate paternalistic management style in the decision-making process in order to ensure the smooth implementation of the decisions. However, due to the different cultural backgrounds, the employer-employee relationship in Sweden, even in Western enterprises, was relatively friendly and relaxed. Mrs. A added that they also found management of treating employees like friends could establish a platform for managers to listen to subordinates, and get more comprehensive consideration in decision-making. Therefore, they claimed that they had transformed the role of managers from acting as the “father of a big family” to be kind friends towards staff in order to avoid the culture conflict and create a friendly and relaxed working environment.

4.2 Second round interview with managers in China

The first question was about the channels they took to deliver the information of job vacancy in China. Mr. C and Mr. D told us that there were three ways to deliver the job vacancies: One channel was implemented through the official website of BOC; the second approach was campus recruiting and the third way is from BOC's talent pool.

Further, they explained the process of recruitment in Question 2. According to respondents' introduction, the first two channels of selecting new staff were in the same process called the formal process (***Figure 4-3***). Firstly, BOC would publish the job vacancies on their official websites in which the applicants conducted online registration. After that, BOC would estimate and screen their CV. If applicants were met the prerequisites, they could take the written exam and face-to-face interview afterwards. Finally, they would be accepted if satisfying all the relevant requirements. According to the findings, the third channel used to select managers was the same as BOC did in Sweden through internal selection (***Figure 4-2***).

Figure 4-3: **Formal recruitment process of BOC in China**

Source: Own construction.

After that, we asked third question on the criteria of selecting staff and the required skills in China. According to the respondents, both of them agreed that when BOC selected the new staff in China, no matter for manager's positions or just for general positions, education background was the first thing that they took into consideration. "This background includes the majors that applicants studied, the colleges or universities they graduated, and what kinds of certificates they have," Mr. C said. Moreover, working experience was the second important factor. Next, they showed interests in the personal capability and competence, including innovation, communication skills, and team spirit.

“Additionally, we will consider more factors such as applicants’ age, foreign language skills, but these depend on the actual demand of available jobs,” Mr. D claimed.

We continued to ask Question 4 on the training programs given in the pre-first day job. They said that there were 3-round training programs for the novices. In the first stage, they would be dispatched to the provincial branch to get general trainings including the history, corporate culture, and the basic operation in order to get a preliminary understanding of BOC. Mr. D added that, they also would be trained the service etiquette and military training for 2 or 3 weeks, which develops endurance, obedience, and team spirit. In the next stage, they would go to local banks to get specific training depending on the kinds of fields. Besides, BOC had established the online training courses to help them know better and launched reading sharing activities to let them study together. At the meantime, some experts from provincial bank would give lectures on certain kinds of fields to train them for 3 months, and then they would sit for an exam. In the last stage, they would be trained by their subordinates and experienced co-workers to do the operations.

We shifted the part from training to compensation. We showed strong interests in the composition and calculation of salary in Question 7. These managers argued that two parts consisted of salary: post wage and performance pay. The data of the former one was calculated from a third party (a consulting firm) and BOC set up a 13-class approach to measure the post salary depending on the duty of the position, the field of the job and the different levels of BOC like the base, the provincial branches, city branches, town branches and followed this approach strictly. They further said that they would establish the initial salary for new arrivals and increase by years relying on the salary class, which would have a big gap comparing to the initial pay. As to the latter one, the performance pay mainly depended on the individual performance, such as task accomplishment, the intermediate services like acting as the agency to sale insurance, the number of opening bank cards, and the amounts of deposits.

We further asked about the welfare benefits such as the social guarantee, holidays and working hours per week (Question 8). They told that legal benefits and self-established bonus constituted the system of welfares. In terms of legal one, they offered social basic securities including endowment insurance, medical insurance, unemployment insurance, employment insurance, maternity insurance, housing provident fund and annuity. Besides, they provided the holiday allowance and paid vacation, heatstroke prevention subsidy, heating fee etc. Meanwhile, they established their own welfares like traveling for excellent staff, connecting to Internet, books and newspapers and so on depending on the bank itself. As to working hours, they argued that, according to Chinese law, the backstage supporters normally had 8 hours per weekday and had 2-day leave on weekends, however, for the front-desk staff, they adopted two-shift approach in each day, but the total working hours were also nearly 40 hours per week.

Further, we concentrated on the topic of the relations among co-workers in Question 9. As to the colleagues' relations, from the viewpoint of Mr. C, colleagues relation was more like the partnership in the workplace; meanwhile, they would maintain good personal relationships with each other in private time. From Mr. D's viewpoint, it was very common that colleagues gathered together and enjoyed the dinner or party in off-work time. "For Chinese people, maintaining good personal relationships with colleagues not only can gain a friendship, but also can get more information about the future possible change of the working environment and find the useful information to strengthen the promotion," said Mr. C.

Last but not least, we showed interests in the relationship between employers and employees in Question 10. "A manager is a manager. He can make friends with employees in private time, but must keep serious in the workplace," Mr. D admitted. However, both Mr. C and Mr. D considered that paternalistic management style may hinder the information of exchange in the workplace, but for the managers themselves, they worried about whether decisions were fully implemented or not. Moreover, Mr. C claimed that, paternalistic management style was a traditional management pattern in most Chinese enterprises, which could be able to shorten the decision-making cycle.

4.3 Third round interview with employees in China

We started the interview with the question of how the job applicants get the job vacancy information of BOC in China. As the interviewees introduced, both of them got the job information from the official website of BOC called social recruitment. Meanwhile, Miss. E said that, every year, BOC would carry out the campus recruitment in fixed time. “The difference between social recruitment and campus recruitment are the recruit criteria and positions. Campus recruitment is formulated by the base of BOC while the social recruitment based on the development needs,” Miss. F added.

In the following three questions (Question 2 to 4), we asked the interviewee to recall the application details before they became the formal employees of the BOC. According to Miss. E, graduation certificates and Curriculum Vitae (CV) must be submitted to the bank, and team spirit and personal abilities needed to be pointed out in CV. “This is the common recruitment criteria for the state-owned enterprises in China. These skills and certificates can give a deeper impression to recruiters,” added Miss. F.

After CV screening, applicants would be informed to sit for the written test. Miss. E said that this process includes two parts: administrative aptitude test (AAT) and basic financial literacy test (FLT). The main purpose of AAT was to test the job related knowledge, skills and abilities while FLT was used to test the candidates for basic knowledge in the financial industry. If candidates passed writing examination, they would participate in the face-to-face interview after 20 days. During the interview, candidates would be asked several questions about their working experience, the understanding of the banking industry and some personal abilities. Both Miss. E and Miss. F agreed the interview mainly testing applicants’ team spirits, communication skills, and personal characteristics. Miss. E stressed that communication skills and collective consciousness were of importance in the interview; meanwhile, a master of English can strengthen competitive advantages in this process.

In Question 5, we asked some questions about training programs. “Every new staff has three-round training: diathesis development training with corporate culture learning, basic business and financial training, and professional skills training,” Miss. F introduced. The first part includes military training and physical fitness test, which are used to boost collective spirit. Besides, the inculcation of bank's values, corporate culture and general knowledge are trained to new staff. In the second round, they would be trained in local banks by experts to gain more pragmatic knowledge and banking business practices. In this process, new staff first needed to grasp various regulations and laws, basic products and business process of the bank within two months, and needed to pass an exam to get the certification to go to the next round. In the last round, new staff would get one-to-one post training in all position of the bank, which would take about one month and new employees would conduct operations as internship in the bank.

Next, we asked some questions about interviewees' components of salary and welfare benefits in Question 6 and 7. According to Miss. E, the components of salary had two parts: Basic salary and performance salary. Basic salary was set by local branches and the standard would rely on the basic requirements from the head office of BOC and the local consumption level while the performance salary would refer to how many profits employees brought to the bank and rebated part of money to the staff. In addition, the welfare benefits that BOC's formal staff enjoyed included two parts, one was the legal welfare that formulated by the national laws and regulations, and the other one was the internal benefits of BOC, which is also called self-established welfare, such as holiday allowance, transport allowance, communication allowance and so on. When it comes to working hours, they argue that they had 8 hours per weekday and had 2-day leave on weekends. However, Miss. E said that she preferred enjoying the leisure time after working hours, but, if necessary, she would choose to sacrifice the rest time to finish the work first. Miss. F also agreed this viewpoint, "I do not want make a bad impression on my boss. If I do not behave like that, they will consider me not diligent enough," she said.

In Question 8 and 9, we asked the relationship among colleagues and employer-employee relations. Miss. E said that, in the workplace, the relationships among colleagues were just simple working relationship; but in unattended time, they would privately contact their co-workers as good friends like having small get-together, singing Karaoke, eating out etc. However, the leaders for them usually acted more like a big "father" who took care and assigned all the things while the subordinates would show great obedience and respect. “Unless necessary, we will not contact our supervisor in non-working hours,” Miss. F added.

4.4 Summary

To summarize the data from the respondents, we draw ***Table 4-1***. In this table, we firstly classify the activities into four parts in the first column: recruitment, training, compensation and workplace relations. Then, we divide each part into items presenting the comparable information in BOC between China and Sweden.

***Table 4-1:* Differences of HRM between BOC in Sweden and China**

	Compared items	***BOC in Sweden***	***BOC in China***
Recruitment	*Information Delivery Channels*	BOC's talent pool	
		BOC official website	
		Head-hunting organizations	Campus recruiting
	Recruitment Process	Interview	Written exam and interview
	Criteria for selecting staff	Language	Education requirement
		Personal capability and competence	Working experience
		Working experience	Personal capability and competence
		Education Requirement	Age limitation
			English Skill
Training	*Training Rounds*	Step 1 - General and primary knowledge about BOC	
		Step 2 - Expertise training	
		Step 3 - Mentorship training	
	Training Content	Stress more on individual ability	Focus more on teamwork
		Help staff smooth culture shock Cultivate comfortable environment to avoid cultural conflicts	—
Compensation	*Standard of the Salary*	Two different standards depending on whether local employees or expatriates	Uniform standards
	Negotiation Process of Salary	Have access to negotiate	Seldom negotiation
	Welfare Benefits	Only legal welfare	Legal welfare
			Self-established welfare
Working Relations	*Relationship with Colleagues*	Only workmates	Friends and workmates
	Leader-member relation	Friends	Leaders act as the father of a big family

Source: Based on the empirical finding.

5. ANALYSIS AND DISCUSSION

This chapter contains five sectors. We rearrange three rounds data from empirical findings and group those into four parts, namely recruitment, training, compensation, and workplace relations by discussed and analyzed with extant literature and framework in the first four sections. At the end of this chapter, we depict a table to summarize the factors that influence the process of HRM practices in BOC between China and Sweden.

5.1 Recruitment

As can be seen from ***Table 4-1***, we investigate the recruitment and refine it into three items, including the information delivery channels, recruitment process and criteria for selecting staff, to analyze the transfer and adaption of this process influenced by factors.

5.1.1 Information delivery channels

Marsden and Campbell (1990) argue that the recruitment channels can be classified into different approaches. In our study, during recruitment steps, BOC conducts various channels to look for the right staff. To begin with, in the process of looking for managers, especially in the oversea branch, BOC firstly select from non-openness internal talent pool (Henkens, *et al.*, 2005) to find the suitable people. Secondly, BOC organizes the second round of the initiative and formally open recruitment via the official website where the employees go into the recruitment range (Henkens, *et al.*, 2005). In the third step, BOC carries out the campus recruitment in its local market in order to select the right people through this passive but formal recruitment method (Boxman, 1992).

In addition, national culture and the strategic goals of branches also affect to the selection of recruitment channels. In China, people will pay more attention to the future while the Swedish will focus on the short-term benefits (Hofstede, *et al.*, 2010). Moreover, the strategic goals of Stockholm Branch are to establish operation in a short time and keep consistent practices with BOC in China, thus they conduct ethnocentric staffing policy to keep close to the head quarter of BOC in China (Dowling, *et al.*, 2007; Wild and Wild, 2012). Therefore, it can be a reason why Sweden branch mainly relies on the local head-hunting firms and internal talent pool to scan the experienced staff, by which can bring back huge feedback in a short period. By contrast, campus recruitment is the most important channel in China, which means that BOC in China will pay more attention to graduates who have long-term development potentials to expand the talent pool and establish the foundation for the future development (Hofstede, *et al.*, 2010).

5.1.2 Recruitment process

According to Hofstede, *et al.*, (2010), as China is a collectivism country, people have a preference to accept a unified standard when they handle something (Hofstede, *et al.*, 2010). In this study, during the recruitment process, BOC sets a standardized written examination as the first round of selection in China and then conducts the face-to-face interview. However, as Sweden is an individualistic country, people who work and live under this cultural background tend to pursue personalization in their daily life (Hofstede, *et al.*, 2010). Obviously, this cultural factor influences BOC for the process of recruitment. BOC cancels the written examination, which is taken placed by the face-to-face interview only, and the autonomy of interview form and content are much higher than in China.

However, in our study, the main method that BOC uses to select the expatriates is from the internal talent pool in order to find the right persons to achieve strategic role of Stockholm Branch. According to Kapoor and Sherif (2012), this process relies on the HRM system through the professional software system in order to collect, transfer and manages key human resource of related data and documents, and then gives an accurate result for them to make the best choice. Meanwhile, people who are selected by internal channel are professional staff with expertise that receives related business training from the organizations, which can reduce the recruitment link and cost, as well as avoid orientation session (BCG and WFPMA, 2010).

5.1.3 Criteria for selecting staff

Criteria for selecting staff of BOC in different branches are shown clearly in ***Table 4-1***. In Sweden, BOC puts personal ability and working experience in the first place while education background is a main factor in China, which can be explained from the cultural perspective. According to Hofstede, *et* *al.*, (2010), people living in collective country, such as China, give priority to education background while they focus on the working experience and the personal capability and competence in individualistic country like Sweden.

Since most of the enterprises consider that the principle of recruitment is to find the people who are most suitable and meet the requirements for the certain jobs (Sack, 1993). Thus, when BOC Stockholm Branch selects the new staff, it will firstly consider language skills, which can be explained as the factor of strategic goals of branches (Dowling, *et al.*, 2007). Because BOC wants to be familiar with local cultural and integrate the local business in Sweden, they consider the personal capability and competence. After that, it would show interests in working experience and education requirement. Conversely, because the development goal of BOC in China at this stage is to maintain influence in the domestic market, education requirement becomes the primary factor followed by working experience. Subsequently, they consider the personal capability and competence, the age of job applicants, and the English skill. Last but not least, determined by unique corporate culture and core values, managers desire to find right members who are compatible and accept those, as they can guide staff to go the right track with motivation (Liu, 2004).

5.2 Training

In terms of training, we investigate two items, namely training rounds and training content, to identify the factors that exert influence on the process of HRM practices and find the transfer and adaption of these practices in a cross culture environment.

5.2.1 Training rounds

Reasonable setting of training rounds and the increasing interests of training can play an important role in boosting trainees to learn and improving the success of training rates (Wexley and Yukl, 1977; McCormick and Tiffin, 1974). According to the interviewees, we find that BOC in China and Sweden both have three training steps for new staff. They argue that they want to share the same values and corporate culture, which can become sustainable development and hold the spirit of BOC. However, in the actual training process, there are some differences existing between the Sweden branch and China branch based on the corporate strategy. The most significant one is the differences in training place. For example, in order to be close to the targeted market, new staff from Swedish branch will receive the first basic training in Sweden. And then, they will go to Luxembourg to adopt further training including mentorship training. After that, they will come back to Sweden and start their career. By contrast, new staff would be dispatched to the provincial branch to get the general training and the expertise training in China. Subsequently, they will come back to the local branch and accept the last part of the induction training (mentorship training).

5.2.2 Training content

The focus and content of training have gradually expanded in the past decades. The MNCs have not only focused on the job skills training, but also laid emphasis on other areas like team spirit (Dessler, 2000; Wiley, 1993; Frazis, *et al., 1995*). Because of the strategic goals of BOC in Sweden, managers want to continue the practices and content of training to keep consistent with BOC in China, such as the corporate culture, basic skills and unique working experience. However, according to the respondents, we find that BOC of China has a preference to foster and cultivate the team spirit while Stockholm Branch tends to train new staff with individual abilities, although all of these managers agree that individual skill and teamwork are both of significant importance. This phenomenon can be explained by the Hofstede's culture dimension of IDV. According to Hofstede, *et al.,* (2010), the atmosphere of teamwork and "big family" is very strong in China because of collectivism, thus Chinese branches tend to develop employees team honor and spirit to maintain the harmony. By contrast, people in Sweden care more about themselves and focus more on the value of a single unit and self-respect, which leads to the change of manners that Stockholm Branch has taken.

Excellent corporate culture is able to foster a positive, comfortable and harmonious atmosphere, enhance cultural literacy for the staff and create internal bonds for staff (Li and Liu, 2002). As the corporate culture in BOC is "Integrity, performance, responsibility, innovation and harmony" with the core value of pursuit of excellence, those respondents agree to instill the corporate culture to staff to consolidate their spirit. According to this corporate culture, it corresponds with Trompenaars and Hampden-Turner (1997) that the culture is the family type, which means fulfillment-oriented culture with hierarchy and person orientation.

Moreover, when conducting business in Sweden, BOC has to confront some cultural related issues like the culture shock on the expatriates and the cultural conflicts among staff with different cultural background in the workplace, which does not happen in our respondents of BOC in China. Therefore, how to train their staff to smooth and overcome culture issues is the one of the proprieties taken into consideration. In terms of culture shock, Pires, *et al.*, (2006) argue that while expatriates are of significant importance for MNCs, they would confront some culture issues, even culture shock, which may lead to the failure of expatriate. Lysgaard (1955) conceptualizes the U-curve framework with four steps to analyze expatriates of the cross-cultural psychological adaptation process. According to the respondents in Stockholm Branch, on one hand, they train the non-Swedish staff with Swedish culture and create numerous opportunities to contact local Swedish like launching "Fika" and diathesis development activities in order to make them boost from the bottom of U-curve to the higher level. On the other hand, managers try their best to remove and handle the culture conflicts in the workplace by means of training all of staff in advance to be aware and respect each other's culture, and conducting negotiation to smooth the conflicts, which is similar like the suggestions from Darling and Fogliasso (1999).

5.3 Compensation

As can be depicted from ***Table 4-1,*** we tend to analyze the sector of compensation with three detailed items: standard of salary, negotiation of salary and welfare benefits. By conducting this, we can get an understanding of these factors affecting the process of compensation with its transfer and adaption.

5.3.1 Standard of the salary

The standard of the salary that designated five steps varies with changes in the work environment (Dessler, 2000). In our study, Stockholm Branch has two measures to calculate the salary depending on the source of staff due to their strategic role of overseas branch. Specifically, Stockholm Branch conducted the ethnocentric staffing (Dowling, *et al.*, 2008) to assign the expatriates as the managers to keep consistent with the strategic decisions and overall objectives of BOC in China, whose salaries are determined by the base of BOC in China and given a "package" of compensation according to the standards of BOC. If they are local employees, they will enjoy the Swedish-level salaries calculated by the Swedish living standards among the same banking industry. Managers in Stockholm Branch also acknowledge that when they decide the standard of salary, they need and must conform to the laws and regulations in the targeted country. MNCs have to conform to the laws and regulations in the targeted country in order to survive, and then succeed (Scott, 1995).

By contrast, there is unique standard in BOC of China, which has a range of 13 classes with different subentries to calculate the salary for all staff. Dowling, *et al.*, (2008) agree that it is necessary to utilize multi-approaches to calculate compensation when conducting International HRM. When comparing the living and wage level of China, it is almost ten times higher in Sweden. How to avoid the imbalance between expatriates and local staff needs to be taken into consideration. Therefore, BOC conducts a 'package' of compensation in order to ensure the internal and external equity in the organization (Brennan, 1984; Belcher, *et al.*, 1985)

5.3.2 Negotiation process of salary

When it comes to negotiation possibility of salary, we find that staff has more bargain powers in Stockholm Branch than their peers in China. According to Mrs. A and Mr. B, they have set up a relative flexible compensation mechanism to determine the salary of employees. They usually negotiate compensation with new staff one by one with some ranges. By contrast, it is hard to negotiate in China because of the standard and strict salary system. The national cultural dimensions of indulgence vs. restraint (IVR) contribute to this phenomenon. According to Hofstede, *et al.*, (2010), Sweden tends to be more indulgent with a high score of 78 in contrast to the score of 24 of China that has a tendency to be more restraint. Therefore, the Swedish have a freer style than the Chinese, which leads to be more available to negotiate their own salaries than their China counterparts. In other words, Chinese people, according to Hofstede, *et al.*, (2010), are more restrained by norms and regulations, and they should follow with great respect.

5.3.3 Welfare benefits

From Dessler's (2000) viewpoint, the setting of staff's welfare benefits is mainly based on the related laws and regulations that announced by the country or the government, meanwhile, they would formulate the service benefits according to the situation of the enterprise itself. Based on this viewpoint, we further compare the welfare benefits in these branches and find that they strictly comply with the laws and regulations in each country and offer a full package of welfare benefits to their staff. Nevertheless, one interesting is that, the Swedish have longer public holidays, more sabbatical leaves and less working hours comparing to their peers in China. For example, Swedish employees usually have 20 sabbatical leaves and an average of 38.5 working hours per week. However, their Chinese peers have at most 15 sabbatical leaves when they work at least for 15 years and have 40 hours in each week, where Masculine vs. feminine (MAS) can provide a reasonable explanation. As the research of cultural factor of Hofstede, *et al.*, (2010), Sweden has a sharply low score of 5 which means it is a feminine country while China is more like a masculine country with a high score of 66. They argue that the Swedish have the work-to-live attitudes who appreciate the leisure time than earning abundant money. However, people in China have the tendency of living to work and pay more attention on money. Therefore, Swedish laws and regulations entitle people with more leisure time and holiday.

Another important thing concerning the welfare benefits is the types of welfares. Mrs. A and Mr. B acknowledge that because of the infant period of Stockholm Branch, they have not had any special self-established welfare. On the contrary, their peers like Mr. C and Mr. D agree that they not only provide full legal welfare package, but offer self-establish welfare. They explain that because of these additional bonuses, staff can become more satisfied, energetic and enthusiastic, and they can feel a great sense of belonging. Therefore, we suggest that some self-established welfare could be built up as soon as possible for staff in Stockholm Branch.

5.4 Workplace relations

As for workplace relations, there are two main relations existing in the workplace: relationship with colleagues and employer-employee relation. We try to identify the main factors affecting on these parts in a cross cultural environment.

5.4.1 Relationship with colleagues

Colleagues' relation is more like a kind of friendship in the workplace (Lee and Park, 2006). The interviewees working in Stockholm Branch share their experience on this viewpoint. In Sweden, they argue that people will keep a good relationship in the working place, but they have less contact in unattended time. Except for the formal party, they will just contact with others a few times per year. But in China, the relationship among colleagues is closer than those in Sweden. For example, they claim that colleagues are not just the work partners in the working place, but also good friends in their daily life, and they will have small get-together in unattended time. However, such close relations may lead to vicious competition, small-group mentality, and other acts that harmful to the collective (Morrison and Nolan, 2007).

This distinction may reflect the differences in culture between the two countries. When achieving the aim of establishment of a harmonious working environment, managers of BOC in China are often encouraging their staff to strengthen the communication between each other. Additionally, for employees who work in China, the idea of "life is working" prevails and they believe that private communication can eliminate the gulf that comes from various rules and regulations in the workplace, and can enhance their relationships in the workplace. In contrast to Sweden, "life is life" is the common idea for them, they are not willing to bring the work things into life, and believe that it will disrupt their normal lives, and reduce their quality of life (Hofstede, *et al.,* 2010).

5.4.2 Employer-employee relation

Relationship between superiors and subordinates is totally different between Sweden and China, although they belong to the same bank. In China, leader-member relation is more serious and traditional where a leader in the working place is more like a “big father”, which means every employee must respect and obey the will and the decisions made by their leaders (Hofstede, *et al.*, 2010). This relation may result in a low communication quality, which means that leaders may likely focus on disciplinary utterances, performance monitoring and ignoring the exchange of ideas (Fairhurst, 1993). However, this management concept helps to fulfill BOC's organization goals of “strengthening internal management”. By contrast, they are more like friends in Stockholm Branch. Everyone is free and equal in the working place, in other words, every idea and voice will be taken seriously no matter they are managers or just general employees (Hofstede, *et al.,* 2010). This kind of relation can improve the quality of relationship between supervisors and subordinates, and members will get more encouragement from leaders to enhance the team cohesion (Sias, 2005). What the interesting thing is that most of managers in China realize the benefit of high quality relations and the damage of low quality relations, but they do not want to change because they want to keep the majesty. However, managers in Sweden, regardless of nationalities, prefer to take the initiative to enhance the relations with staff since they think it helpful for their jobs.

5.5 Summary

Based on the previous discussion and analysis, we draw a table (***Table 5-1***) to summarize the factors that exert influence on the HRM practices in a cross cultural environment. We use the notation **“×”** to represent those factors that have influence on the HRM practices. In the table, it is obvious to notice that the factor of national culture has most significant impacts on that process with nearly four sections while the factor of laws and regulations mainly influence compensation, according to our analysis. The factor of strategic goals of branches and corporate culture both affect the recruitment and training, but the latter one also influences workplace relations.

Table 5-1: **Factors influencing the process of HRM practices**

Compared items		***National-level factors***		***Company-level factors***	
		National culture	***Laws and regulations***	***Strategic goals of branches***	***Corporate culture***
Recruitment	*Information Delivery Channels*			×	
	Recruitment Process	×			
	Criteria for selecting staff	×		×	×
Training	*Training Rounds*				×
	Training Content	×		×	×
Compensation	*Standard of the Salary*		×	×	
	Negotiation Process of Salary	×			
	Welfare Benefits	×	×		
Working Relations	*Relationship with Colleagues*	×			×
	Leader-member relation	×			×

Source: Based on the data analysis.

6. CONCLUSION

This chapter contains four sectors. In the first sector, we draw a conclusion and answer our research questions based on our empirical findings, analysis and discussion. After that, we present the contributions to the theoretical and practical fields. In the third part, we make our suggestions classified into theoretic, managerial and societal implications. Last but not least, we provide future suggestions starting from our research.

6.1 Results of the research

According to the research of the case, we compare the HRM practices of BOC in two different countries based on our six respondents: One is the overseas branch of BOC located in Stockholm, Sweden, and the other targeted country is China with local branches located in Bazhong and Fuyang.

We also organize a theoretical framework relied on the extant literature and books, which mainly describe the process of transfer and adaption of HRM practices for multinational enterprises from the parent company to subsidiaries when entering into a new foreign market.

The primary data is collected by qualitative method from the managers and general employees of BOC. Apart from this, the theories collected from other literatures and the framework built up are utilized as the secondary data to analyze the research.

The aim of our study is to investigate what factors have significant influence on the process of transfer and adaptation of HRM practices for a Chinese bank in a cross cultural environment. The following research questions are answered for the purpose of the aim.

6.1.1 How does a Chinese bank implement HRM practices in Sweden?

According to our study, it is proved that when a Chinese bank (such as BOC) enters into a new country to run its business, it will transfer and adapt HRM practices in the following areas, namely recruitment, training, compensation and workplace relations.

Recruitment: The main point of recruitment for a firm is to select the right staff in order to achieve enterprise development (Dessler, 2000; Henkens, *et al.,* 2005). In our study, Stockholm Branch has transferred and adapted the information delivery channels, recruitment process and recruitment criteria. Specifically, to begin with, managers in Swedish branch conduct three different channels to deliver application information. They not only use official website and internal talent pool like in China, but also exert head-hunters to find the right person. Moreover, the recruitment process has been curtailed to interview in Sweden while the applicants will take formal written exam and interview in China. Thirdly, Language and personal capability are considered significantly important and education requirement is least important when selecting a qualified applicant for BOC in Sweden. However, they focus on the education requirement first but put personal capability and Language into the second place in China.

Training: Dessler (2000) conducts a method to give new or present staff the necessary skills, which they should master in their works. The training rounds have been transferred but the training content has been adapted in BOC from China to Sweden. In detail, the Stockholm Branch follows its consistent corporate culture and utilizes the similar 3 rounds training as they do in China: General and primary knowledge about BOC, expertise training and mentorship training. However, they have a preference to develop individual ability for the staff of BOC in Sweden while they tend to cultivate the teamwork and team spirit in China.

Compensation: It refers to all forms of pay or remuneration for staff, including standard of the salary, negotiation process of salary, welfare and so on. In our research, it has been transferred and adapted from BOC in China to Stockholm Branch. To begin with, there are two different salary standards in Stockholm Branch depending on the local employees and expatriates while there is only one uniform salary standard in China. Further, the new novices have access to negotiate their salary in Stockholm Branch while it is not available to some extent in China. Last but not least, by now, Stockholm Branch has only offered legal welfare for its staff according to the local laws and regulations while they have provided staff with legal welfare and self-established welfare in China. Due to the limited time, according to the managers in Stockholm Branch, they will build up their own self-established welfare in the future.

<u>Workplace relations:</u> They are unique interpersonal relationships with significant effects for individuals to maintain and develop their relations in workplace (Sias, 2005). In our study, it has also been transferred and adapted from China to Sweden. On one hand, the relationship with colleagues is purely like workmates in Swedish culture while they treat others like not only workmates, but also friends in China branches. The employer-employee relation is more equal just like friends in Sweden while the employer usually acts as the “father” of a big family in China.

6.1.2 What factors influence the process of HRM practices in a cross cultural environment?

Based on our research, we find that there are four factors exerting significant influence on that process which can be divided into national level factors (national culture, and laws and regulations) and company level factors (strategic goals of branches and corporate culture).

In detail, national culture is the most significant factor in the whole transfer and adaption process, as all of the four areas of HRM practices are affected by this factor. Moreover, the factor of corporate culture affects the process of recruitment, training and workplace relations. Besides, the factor of strategic goals of branches influences the transfer process of recruitment, training and compensation. Finally yet importantly, laws and regulations play a relatively limited impact only on the compensation in HRM practices.

To sum up, as for the integrated HRM process of a multinational enterprise, the transfer and adaption in the area of recruitment, training, compensation, and workplace relations are often influenced by those four factors. For example, in our research, BOC has changed in these four aspects in order to adapt to the local environment based on their own needs. Therefore, when a MNC conducts cross cultural business in a foreign country, it can transfer and adapt HRM practices properly based on their own requirements depending on the gap or distance with their home country’s business environment and its own characteristics when evaluating the influence of those four factors.

6.2 Contribution

Based on previous literature, we investigate frameworks made by scholars, and then formulate our own one. We come up with a suitable framework for our empirical study, which mainly focuses on the national level factors (national culture, and laws and regulations) and the company level factors (strategic goals of branches and corporate culture), to identify the factors influencing the process of HRM practices in a multinational organization.

We also make a unique contribution to empirical study of the process of HRM practices of a Chinese bank entering into Sweden. According to our research, we test our framework and prove that these four factors influence the process of HRM practices. Thus, this research can be helpful for those Chinese companies that want to go abroad.

Last but not least, our framework within four factors: National culture, laws and regulations, strategic goals of branches and corporate culture can also be utilized as a tool of other MNCs when implementing HRM practices from the home country to the host country.

6.3 Implications

Three kinds of implications can be drawn from this study, namely theoretical, managerial, and societal implication.

By focusing on the HRM practices' transfer and adaptation of the banking sector in a MNC, we contribute with a theoretical framework that has been testified and supported by our qualitative research results. Moreover, we analyze the workplace relations between two countries influenced by various factors during the transfer and adaptation process.

In terms of managerial implications, we present suggestions for managers of BOC in both Sweden and China in order to modify and improve their HRM practices. There are several suggestions for managers in Stockholm Branch: First, when it reaches a mature period, managers might consider complementing the self-established welfare benefits into the current welfare system to motivate staff, and the standards of that can refer to the local industry standards. Besides, we suggest that they can adopt campus recruitment in Sweden, even in the Nordic area, in order to expand its talent pool in preparation for the future development. Last but not least, they can pay more attention on instilling corporate culture into new staff for the purpose of consolidating the staff's spirit, leading them to the right way and giving them a sense of belonging.

There are also suggestions for BOC in China. To begin with, we suggest them strengthening communication and boost the relations among employers and employees in order to eliminate the gaps caused by the hierarchy in the workplace. Moreover, in terms of negotiation of salary, they might listen to the requirements of new staff and use flexible mechanism, to some extent, to maintain the potential and talent staff.

As for the societal implication, it is necessary for managers who are responsible for HRM practices in MNCs to get a better understanding of the targeted country's national culture, because realizing, understanding and respecting local culture is the first step to be successful in a particular country. Additionally, respecting and following local laws and regulations is also important, otherwise, it is hard to survive. Meanwhile, making clear and definite strategic goals of branches based on the particular situation is important. Last but not least, focusing on the infusion of corporate culture to the staff in order to improve their sense of belonging is also of significant importance.

6.4 Suggestions for future studies

Our work provides an overview of a MNC's process of HRM practices, including recruitment, training, compensation and workplace relations, from home country to the host country, which presents general ideas and clear process of transfer and adaptation. Further, we interview 6 respondents, including managers and general staff of BOC in China and Sweden, combined with the consultation of the Swedish manager of Swedbank, Sandviken Branch, Sweden, to present direct and authentic experience from their own perspectives. Finally, our own framework within four factors, namely national culture, laws and regulations, strategic goals of branches and corporate culture , is testified and proved to be used as a tool to analyze the process of HRM practices for MNCs in a cross cultural environment.

Our theoretical framework has focused on some factors, which may not include all important factors. Thus, researchers can formulate a more detailed framework to investigate the factors affecting the process of cross-boundary HRM practices. Secondly, different types of banks, even different industries, can be researched in order to expand to a broader domain. Furthermore, researchers can interview more respondents and adopt quantitative method to do this work. Last but not least, staffing performance, which is one of the activities of HRM practices, can be a further research aspect.

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APPENDIX A-1 QUESTION LIST FOR MANAGERS FROM BOC IN SWEDEN (ENGLISH)

I. Recruitment

1. What channels has BOC taken to deliver the information of job vacancy?

2. Does BOC provide different recruitment processes depending on those channels?

3. What are the criteria to select the staff? What kinds of skill are required?

II. Training

4. What kind of pre-first day job training will offer to new staff? How many rounds to train them? What are the purposes and goals for the training?

5. How do you help employees who are not Swedish local people to overcome the cultural inadaptability?

6. How to deal with the cultural issues like conflicts in the workplace?

III. Compensation

7. Can you introduce the salary calculation system for us? What are the components of salary?

8. How about the welfare benefits, such as the social guarantee, holidays and working hours per week?

IV. Working relations

9. What do you think of the relations among colleagues themselves?

10. What do you think of the employer-employee relationship?

APPENDIX A-2 QUESTION LIST FOR MANAGERS FROM BOC IN SWEDEN (CHINESE)

一、　招聘

1. 贵行通过哪些渠道公布空缺职位的相关信息？
2. 贵行会设置不同的招聘流程去选拔由不同招聘渠道所搜寻到的求职者吗？
3. 招聘时，选择员工的标准有哪些？对于求职者来说，哪些技能是必须拥有的？

二、　培训

4. 贵行将为新员工提供哪些方面的入职培训？对于新员工来说，需要经过几个轮的培训？培训他们的目的有哪些？
5. 贵行是如何帮助非瑞典籍的员工（如中国员工）克服文化差异带来的不适应性？
6. 贵行是如何处理工作场所中所存在的文化问题？　（如文化差异，文化冲突等）

三、　薪资待遇

7. 您可以为我们简要介绍一下贵行薪金计算系统的运作模式吗？对于员工来说，薪金的组成部分是什么？
8. 贵行为员工提供哪些福利待遇，如社会保障、 假期和每周的工作时间？

四、　工作关系

9. 您觉得在分行当中，自己的同事之间的关系如何？
10. 您觉得在分行当中，管理者与员工之间的关系如何？

APPENDIX B-1 QUESTION LIST FOR MANAGERS FROM BOC IN CHINA (ENGLISH)

I. Recruitment

1. What channels has BOC taken to deliver the information of job vacancy?

2. Does BOC provide different recruitment processes depending on those channels?

3. What are the criteria to select the staff? What kinds of skill are required?

II. Training

4. What kind of pre-first day job training will offer to new staff? How many rounds to train them? What are the purposes and goals for the training?

III. Compensation

5. Can you introduce the salary calculation system for us? What are the components of salary?

6. How about the welfare benefits, such as the social guarantee, holidays and working hours per week?

IV. Working relations

7. What do you think of the relations among colleagues themselves?

8. What do you think of the employer-employee relationship?

APPENDIX B-2 QUESTION LIST FOR MANAGERS FROM BOC IN CHINA (CHINESE)

一、　招聘

1. 贵行通过哪些渠道公布空缺职位的相关信息？
2. 贵行会设置不同的招聘流程去选拔由不同招聘渠道所搜寻到的求职者吗？
3. 招聘时，选择员工的标准有哪些？对于求职者来说，哪些技能是必须拥有的？

二、　培训

4. 贵行将为新员工提供哪些方面的入职培训？对于新员工来说，需要经过几个轮的培训？培训他们的目的有哪些？

三、　薪资待遇

5. 您可以为我们简要介绍一下贵行薪金计算系统的运作模式吗？对于员工来说，薪金的组成部分是什么？
6. 贵行为员工提供哪些福利待遇，如社会保障、 假期和每周的工作时间？

四、　工作关系

7. 您觉得在分行当中，自己的同事之间的关系如何？
8. 您觉得在分行当中，管理者与员工之间的关系如何？

APPENDIX C-1 QUESTION LIST FOR EMPLOYEES FROM BOC IN CHINA (ENGLISH)

I. Recruitment

1. What channels have you taken to get the information of job vacancy?

2. Can you recall the application details before you become the formal employees of BOC?

3. Will you take the written exam for entrance? If so, what are components of that?

4. What skills do you think are important for interview?

II. Training

5. What kind of pre-first day job training will offer to freshmen? How many rounds of training do you accept? What are the purposes and goals for the training?

III. Compensation

6. What are the components of salary?

7. What are the welfare benefits you have, such as the social guarantee, holidays and working hours per week?

IV. Working relations

8. What do you think of the relations among colleagues themselves?

9. What do you think of the employer-employee relationship?

APPENDIX C-2 QUESTION LIST FOR EMPLOYEES FROM BOC IN CHINA (CHINESE)

一、 招聘

1. 您是通过哪些渠道获得岗位空缺信息？
2. 您还能回忆起当时申请成为中行员工时的一些申请细节吗？
3. 您当时参加了笔试吗？如果是，可以回忆一下当时笔试的内容吗？
4. 您觉得在面试环节中，哪些技能或特长具有重要的意义？

二、 培训

5. 您在入职之前，接受了来自银行的哪些培训？一共有几轮培训？您觉得这些培训的目的有哪些？

三、 薪资待遇

6. 可以简单介绍一下您目前的薪资结构吗？
7. 您目前享有哪些是福利？（如社会保障、节假日和每周工作时间）

四、 工作关系

8. 您觉得在工作当中，自己的同事之间的关系如何？
9. 您觉得在工作当中，管理者与员工之间的关系如何？