How institutional and cultural factors affect performance management: A case study of Chinese MNEs in Asia and Africa

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1. Introduction:

Performance management (PM) refers to policies and practices which aim to motivate employees to improve performance through target setting, rating, feedback, training, and rewarding (Aguinis, 2009). PM originated in western developed economies has been transferred to developing economies, as a result of globalization (Thite et al. 2012). In the last few decades, organisations in emerging markets like China have adapted this practice and modified it based on local conditions (Budhwar, 2008). Increasingly, Chinese multinational enterprises (MNEs) set up their overseas subsidiaries in other developing countries, especially in Asia and Africa. However, it is unclear how EMNEs conduct performance management in these subsidiaries with considerations of western, Chinese and host-country features (Cooke, 2014; Brown et al., 2019).

2. Purpose:

Through the lens of neo-institutional perspective, this study aims to make a significant contextual contribution to understand how PM is transferred, implemented and perceived in Chinese MNEs' subsidiaries located in other developing countries.

3. Research questions:

Against a backdrop of different culture and institutions:

1) How PM practices are transferred and designed to suit the local context, when Chinese MNEs set up subsidiaries in developing economies?
2) How far employees and managers comply with PM polices, and how their implementation reflects different influences of culture and institutions ?
3) How PM is perceived by the four main groups of stakeholders (host-country and Chinese managers and employees)?

4. Proposed framework

This study draws on the neo-institutional perspective, and highlight both institutional isomorphism and the active roles of organizations and individuals.
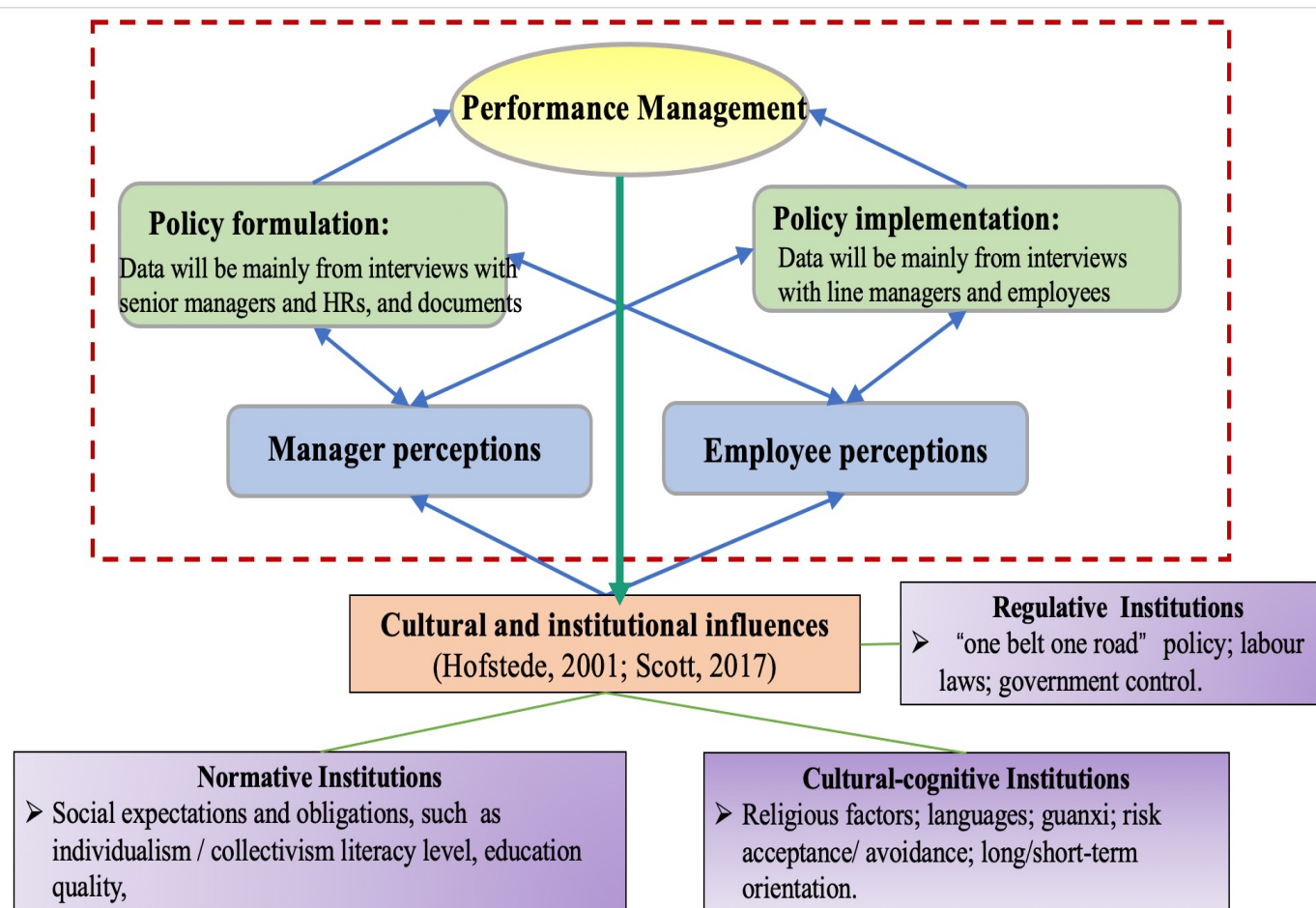
5. Research method

Philosophy perspective: Critical Realism

Design: a multiple-cases study (a qualitative research)

Cases studied: three Chinese MNEs' subsidiaries located in three developing countries (Mongolia, Democratic Republic of Congo, and Tanzania)

Data collection	Documentary analysis	Semi-structured interviews (online)
Sample	Organizational documents (policies or articles)	approximately 36 managers and employees in total (from China or host-country)
Data analysis	Content analysis	Template analysis

2. Current progress:

Documentary data analysis finished.
18 interviews in Mongolia subsidiaries done.

17 Chinese staff and just 1 locals.
More interviews will be conducted with local managers and employees.

6. Initial findings:

1. PM polices are more flexible and have broader autonomy spaces in subsidiaries located in other developing countries, than those in Chinese headquarters.
2. In subsidiaries in other developing countries, Chinese staff implement these PM policies more strictly than those are local.
3. Not just complying institutions, these subsidiaries can shape some host-country institutions through policy designing and acting. *For instance, as for the Mongolia case,*

   Work attitudes: changed from sloppy to self-disciplined ;
   Life habits: changed from "carpe diem" to "long-term planning".

7. Reference

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